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NEWS SUMMARY

GENERAL

Concorde pens service record
British and French Concorde jets first face-pairing passengers into New York's Kennedy Airport yesterday in the fastest time yet achieved for a commercial passenger flight.

The 3,600-mile journey took 23 minutes. The Air France Concorde landed at 8.50 a.m. to be followed two minutes later by the flight from London.

A small group of protesters gathered but did not interfere with the arrival of the aircraft or the departure of the passengers. Some of the passengers were Mr. Bernard Del, Secretary for the Air and Space, and Mr. Gerald Kaufman, Minister for Aerospace. Back Page.

BUSINESS

Equities fall 3.5; \$ loses ground

● **EQUITIES** closed 3.5 down at 471.8. Initial selling depressed the market but there was a recovery among leaders in the late afternoon and after-hours business.

● **GILTS** index fell 0.80 to 75.13, a 2.53 loss in four days.

● **STERLING** and the dollar lost ground in the foreign exchange market. The pound closed at \$1.8190, for a rise of 5 points, its trade-weighted index falling to 63.3 (63.7). The dollar touched its lowest level against stronger currencies, its depreciation widening to 2.52 per cent. (2.49). The yen touched a record ¥240.25 against the dollar.

● **GOLD** fell \$1 to \$157, a fall of \$1.10 in nine days' trade.

● **WALL STREET** closed 4.41 up at 342.52.

● **JAPANESE** stock market fell to its lowest level since last December as apprehension over Japan's exports and economy mounted, following a further marked strengthening of the Yen. Page 28.

● **IMF** is asking member states to approve higher quota increases than it originally demanded because of liquidity worries. Back Page.

● **NCE** Pension Fund and the Midland Bank will co-operate to provide equity finance for medium-sized companies. Page 8.

● **MERCHANT SHIPPING** orders worldwide slumped during the last quarter to their lowest level since June, 1968. Page 7.

IRELAND

Fire flyers
About one quarter of the extra 600 troops that will be deployed in fire fighting units will be acting as flying columns to help protect high risk urban areas. They will be called out, however, if an incident has already been shown to be a major one. Back Page.

ASIA

Assault attack
A bomb wrecked a building in a city in the Philippines. The explosion killed one person and injured several others. Back Page.

AFRICA

Utch hope
The Christian Democrat and other parties have produced a programme for a Centre-Right coalition government to replace the caretaker cabinet of Mr. Sp. De la Cruz. Back Page.

INDIA

Food rescue
British helicopters rescued Europeans, mainly British, in floods in southern Somalia. Five Somalis who tried to swim to safety were drowned. Back Page.

AMERICA

Parole Board decided not to release George Jackson, who is serving a 15-year term in prison for his part in a 1969 California prison riot. Back Page.

AMERICA

Amalia Fleming has won a seat in the Greek Parliament. She is among 12 deputies nominated by their parties according to their share of last Sunday's election vote. Back Page.

AMERICA

Shirley Williams, Education Secretary, is threatening to take legal action to force the Education Council to limit plans for a comprehensive school system. Back Page.

AMERICA

Rehearsal has discovered a pistol and ammunition in Stuttgart prison where members of the Baader-Meinhof group committed suicide last month. Back Page.

AMERICA

absent-minded bank robber Dusseldorf left his \$13,400 in a plastic bag on a tram. The money, neatly packed in dials, was found by the tram driver. Back Page.

AMERICA

people were arrested in total last night after scuffles during a National Front meeting, during which an anti-Front demonstrator was hit the head by a bottle. Back Page.

Western economies need stimulus OECD warns

BY ROBERT MAUTHNER, Paris Nov. 22

The Western world faces a critical economic situation next year. Urgent action is needed by some of the major Organisation for Economic Co-operation and Development member States to expand their economies, according to the OECD secretariat.

It expressed these views at an inconclusive two-day meeting of the Organisation's Economic Policy Committee.

Two of the most important member States, West Germany and Japan, indicated during the meeting that they were unwilling to take the stimulatory measures called for by both the secretariat and several members, including the U.K.

Delegates of most member countries admitted after the meeting that the economic strategy worked out at last May's London summit and by successive OECD meetings, had virtually failed.

Brave face

In particular, the target of a growth rate of 5 per cent for the OECD area as a whole in 1978 would not be reached, nor was the objective for an average annual growth of 5 per cent from 1976 to 1980 any longer attainable after this year's disappointing expansion rate of 3.8 per cent.

Sir Douglas Allen, the British chairman of the Economic Policy Committee, tried to put a brave face on the proceedings by pointing out that the sum of the growth objectives submitted by the member states indicated that a 4.5 per cent

growth rate for the area could be reached next year.

But this would require additional expansionary measures by many countries.

The discussions showed that these steps were unlikely to be forthcoming, except in the case of the U.S.

Mr. Charles Schultz, the chairman of President Jimmy Carter's Council of Economic Advisors, said that the U.S. expected to reach its target of 5 per cent growth next year.

High-level U.S. sources indicated that the Administration was prepared to take steps on the tax front to achieve this.

Unemployment would remain static in 1978 even with 4.5 per cent growth, Sir Douglas Allen said, which, Sir Douglas Allen said, was "at least compatible with price stability." After rising in the first half, it should start to fall in the second.

To achieve this objective, the secretariat considers that not only the so-called "macro" countries — the U.S., West Germany and Japan — but all member countries, except those with major balance of payments problems and high inflation rates, should take specific action.

The appeals to West Germany and Japan by Mr. Schultz, Sir

Sadat visit may have delayed peace talks

BY ANTHONY McDERMOTT

THE IMMEDIATE prospects for recovering the Geneva peace conference on the Middle East have receded rather than improved as a result of Arab reactions to President Anwar Sadat's visit to Israel.

This view, generally held among diplomats, contrasts sharply with Mr. Sadat's optimism as expressed in a statement to the official Middle East news agency in Cairo yesterday.

"The purpose of the visit was to make real preparations for Geneva and this has been completed," he said.

Mist newspaper of the ruling centrist party in Cairo, quoted Mr. Sadat as telling Egyptian editors on the way back from Jerusalem that a working committee was already preparing to reconvene the conference.

The newspaper also quoted Mr. Sadat as saying that "all windows have been opened" in the 30 hours which his visit lasted there was a major change in the political understanding of Israel... the visit was 100 per cent successful and the land will return to its owners."

However, no explanations of how the working committee was made up or which Arab lands would be returned have been given.

Indeed, very little of substance has emerged of the details of the direct Begin-Sadat talks, and diplomats and observers are evenly divided between those who maintain that President Sadat is being optimistic to be able to present his visit as a success for all Arabs and those who believe Mr. Sadat and Mr. Menachem Begin, Israeli Prime

S. Pearson makes £9.5m. bid for Madame Tussaud's

BY CHRISTINE MOIR

IN A SUDDEN reversal of positions, Madame Tussaud's, owners of the famous London waxworks, became the unwilling subject yesterday of a £9.5m. bid from S. Pearson and Son.

Tussaud's had approached Pearson some months ago with a view to buying Chessington Zoo, Surrey, which Pearson acquired ten years ago as part of a package when it bought Standard Industrial Trust.

Pearson agreed that there was considerable commercial logic in combining the two to develop general entertainment facilities at Chessington.

But Mr. Michael Hare, a director of Pearson, said yesterday: "We prefer to build on what we have rather than sell."

Hence the surprise bid at 45p a share in cash, which compares with a market price of about 30p for Tussaud's shares. The offer was immediately rejected by Mr. Michael Herbert, chief executive of Tussaud's, who said last night that it was unlikely to be

Scotland Bill vote defeat shakes Labour

By Richard Evans, Lobby Editor

THE GOVERNMENT suffered a major psychological defeat in the Commons last night when the first clause of the Scotland Bill was rejected by a combination of Conservative, Liberal and Nationalist votes.

The clause, a declaratory one introducing the legislation regarding by ministers as the most politically important of the session, does not affect the major proposals contained in the Bill for devolving powers to a Scottish Assembly.

However, its rejection by 113 votes (118-184) came as a startling reminder to ministers of the Government's vulnerability in spite of the continuation of the Lib-Lab pact.

The Liberals, whose support has kept Mr. Callaghan in office relatively comfortably since the pact was made last March, decided to oppose the clause as unnecessary.

Many MPs, though, believed they had taken the opportunity to make an effective gesture which showed how rapidly they could pull the rug from under the Government, should the necessity arise.

Gloomy picture

But the Germans had already made it clear yesterday that they were not planning new tax reductions, since the last batch was not due to be implemented until January 1, 1978.

Falling any new expansionary measures, the OECD secretariat has painted a gloomy picture for 1978, involving lower growth of industrial production, a stagnation of investments, rising unemployment and a sharp decline in world trade which could lead to much greater protectionism.

On the basis of unchanged policies, the secretariat has forecast that growth for the areas as a whole will fall to little more than 3 per cent, at an annual rate in the second half of next year after a slight rise to 4 per cent in the first half.

Guillotine

The first clause of the Bill — just one paragraph — states that the provisions of the Act make changes in the government of Scotland as do not affect the unity of the U.K. or the supreme authority of Parliament to make laws for the U.K. or any part of it," it continues.

Having secured the guillotine timetable, the Bill's committee stage, completed last week, Ministers were confident that the measure would go through the Commons relatively easily, and were totally unprepared for the shock defeat.

All 11 Scottish Nationalists, the three Plaid Cymru MPs, and all six Liberals present voted against the clause, with the Conservatives, several Labour MPs abstained and the Government Whips had no chance of matching the Opposition vote. At present, the Government has a majority of five against all other parties.

Two Labour MPs voted in both lobbies — for and against the Government — as a protest against Government insistence that Ministers must not vote against the European Parliament election Bill on Thursday.

One rebel, former Tribune Group chairman Mr. Arthur Labham (Paddington) said in future a group of about half a dozen would register double

Criticised

In a second group come Jordan and Saudi Arabia, who could be classed as "waverers," although the Jordanians are moving increasingly towards support of the Sadat initiative. While Jordan has released no official reaction, its Information Minister yesterday said that President Sadat's visit had "broken the ice and removed the psychological barriers between Arabs and Israelis."

In the third group are Syria and the PLO, which have been vehemently critical of the visit, although, significantly, neither President Assad of Syria, nor Mr. Yasser Arafat, the PLO leader, have personally and publicly criticised the Egyptian President.

Fourthly, there are the outright "rejectionists," Iraq, Libya and some factions of the PLO, joined more recently by Algeria.

Diplomacy at present seems to be aimed at preventing Jordan or Saudi Arabia from becoming more critical, and at attempting to persuade Syria (and the PLO) to resist efforts led by Libya to set up a firm and broad "rejectionist" front.

Reports from Baghdad said yesterday that President Jimmy Carter had sent a message to President Assad which diplomats believed could contain one of two things: an assurance that some Israeli concessions were made, or a plea to Syria to soften its attacks on Sadat while the U.S. presses for concessions after the visit.

the arrival of Mr. Mudar Badran, Jordan's Prime Minister, in Damascus, was thought to be evidence of further efforts to persuade Syria to moderate its stand over Sadat. Syria is believed to be concerned that Jordan might be tempted to stand by President Sadat over Geneva.

In Israel, it is being realised that President Sadat scored a notable propaganda success which would have to be met by the softening of some hardline policies.

For the Arabs, such concessions, which would rehabilitate Sadat and make the reconvening of Geneva possible, would have in concern the representation of the Palestinians and a commitment to considerable withdrawals from occupied Arab territory.

Unless these concessions had already been made secretly, most observers were finding it hard yesterday to provide grounds for President Sadat's optimism.

EEC Split for Sadat, Page 4
Oil widens, Page 6

New jobless figures show slight fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ADULT unemployment has fallen slightly, for the second month running.

But the underlying trend is unclear and the turning point is not generally expected to occur, at the earliest, until towards the end of next year.

The Department of Employment announced yesterday that the number of adults out of work in the U.K. fell by 500 in 1.43m., seasonally adjusted, in the month to mid-November. This is equivalent to 6.1 per cent of the workforce.

This fractional drop follows a fall of 13,300 in the previous month, though it is not regarded as at all conclusive after a rise of 130,500 between mid-May and mid-September.

The very slow rate of growth in output so far this year would normally point to a continuing rise in unemployment. But the relationship between output and employment has become much more complicated than in the past.

There does, at least, appear to be a lower rate of underlying increase than in the summer, and a rise in notified vacancies — always an advance indicator of labour market activity — for the second month running is seen in Whitehall as encouraging.

Notified vacancies rose by 2,200 to 155,800, seasonally adjusted. In the month to mid-November, this is the highest level since June, and more than 20,000 up on a year ago.

The recent mini-budget will take several months to have any impact on employment and the Treasury estimates that the measures will reduce unemployment by 110,000 compared with what would otherwise have occurred by the first quarter of 1978.

Mr. Denis Healey, the Chancellor, has said he expects a slow

but steady fall in unemployment to begin in the coming year. This in turn reflects the view that productivity is growing by only about 2 per cent a year now with a further joint from the growth in the labour force and North Sea oil.

Optimists for forecasters are more pessimistic about the unemployment prospects and argue that structural changes are working against a rise in employment.

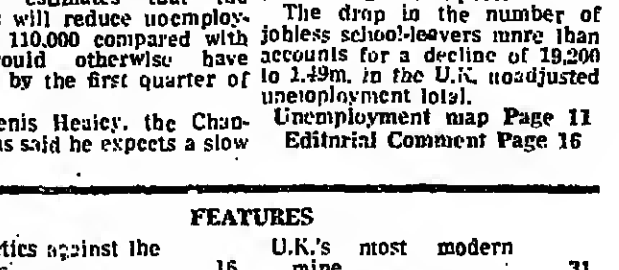
In a recent report the Manpower Services Commission warned that unemployment was likely to remain relatively high in the next five years.

A favourable feature of the latest figures is the further sharp drop in the number of school-leavers out of work — down by 25,000 to 73,500.

This compares with a mid-July peak of 253,000 and unemployment among school-leavers is following roughly the same trend as last year.

The drop in the number of jobless school-leavers more than accounts for a decline of 19,200 in 1.49m. in the U.K. unadjusted unemployment total.

Unemployment map Page 11
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IEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

Furness Witly	326	-13
Hall (M.)	157	-5
Hambros	207	-5
Johnson Firth Brown	176	-5
Leadbroke	290	-8
Metal Box	290	-8
Pegler-Hattersley	184	-6
Power Duffryn	188	-5
Ropes	45	-34
Taylor Woodrow	410	-8
Thomson Org.	625	-15
Transparent Paper	67	-84
Trust Houses Forte	182	-8
Unilever	182	-8
Walker (Gas)	85	-4
Wedgwood	199	-10
BP	384	-6
Cona Marchison	250	-13
East Rand Prop.	386	-14
Libbey	430	-14
Wellcom	182	-7

* Nominal. * Premium.

LOMBARD

Cost of current cost accounts

BY ANTHONY HARRIS

THE APPEARANCE of the Hyde... adjustment for monetary items... cost accounts, might be thought...

Assault

However, the compromise only... demands of banks and financial companies for a system of accounting...

That is what has now appeared... of the Hyde version should preferably be relegated to a footnote.

The radical criticism of Sandilands seems to be completely new, which is quite an achievement after so much argument has gone on...

The point is academic because Sandilands largely abandoned the attempt to measure value to the business, and went for the more straightforward notion of replacement cost.

A lot of what you like does your design good

DOES IT MATTER how you design your garden? I was asked this recently from an audience which tended to think that it did not. There were certain basic principles, they felt. Paths must be the shortest line between two points and must not lead nowhere.

Sites vary

So far, so good, but most gardeners live in towns and suffer from shade or from long, thin gardens which are quite inaccessible except through their house. It would be too boring to line the walls of these rural borders, as my largely rural questioners suggested.

Going will suit Bachelor's Hall

THIS YEAR'S race for the Hennessy Cognac Gold Cup, which maintains its place as one of the five richest in the British steeplechase calendar, promises to be one of the best in the history of the prize.

RACING

Fort Devon, at five-to-one or six-to-one, is followed in the ante-post betting by the Peter Coudell-trained Bachelor's Hall, quoted at eight-to-one. Thought by his young trainer certain to get the stiff 31 miles, Bachelor's Hall is the season's leading money earner following a length victory in the £8,000 Mackeson, will, like Tamalin, be suited by plenty of cut in the ground.

gardeners who list herself as paying 35s for a vine in 1956 at the far end in one single day. Mystery, illusion, secrecy are terms which all books on design now emphasise. I am reminded, however, of the garden of a very brisk old lady who asked me to see her town garden in just such a long and unadorned site and offered me a ball of string before we set out down its full 90-foot length in case I lost my way back to the door among the maze of false turnings, rock lanterns, trellis screens, mirrors, pergolas and crossing paths with which she had bewildered the neighbours. Do not lose the mystery in a maze.

GARDENS TO-DAY

BY ROBIN LANE FOX

English Gardens (1964). Jekyll and Weaver's Gardens for Small Country Houses (1913) and H. A. Tipping, Gardens Old and New. Buy the books, if you find them. Otherwise, look elsewhere unless you can weed out and scale down.

More money urged for sport

Financial Times Reporter

SPORT NEEDS more money and a more even spread of facilities in spite of the record numbers of people taking part, according to Sir Robin Brook, chairman of the Sports Council, in a five-year review of the council's work.

Record £2,400 paid for campaign medal

A FIRST EDITION of Redoute's Les Roses with 186 hand-coloured plates, which was published in Paris between 1817-24, 1760.

SALEROOM

An even better Sotheby's sale saw £48,158 raised on the first day of a two-day auction of the military and naval campaign medals collected by the late Charles Lovell, of Bristol, £100,000 worth of double the £50,000 raised at an auction of a British campaign medals.

Radio

- BBC 1 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.55 The Superstars. 8.00 Secret Army. 9.00 News. 9.25 Last of the Summer Wine. 10.50 Sportsnight. 10.55 To-night. 11.30 The Sky at Night. 11.50 Weather/Regional News. All Regions as BBC 2 except at the following times: Wales - 2.18-2.23 p.m. For Schools. 3.29-3.35 Biddowcar. 5.55-2.20 Wales To-day. 6.55 Heddidi. 7.15 Treen. 7.40-8.05

- 1.00-1.15 News. 1.15-1.30 News. 1.30-1.45 News. 1.45-2.00 News. 2.00-2.15 News. 2.15-2.30 News. 2.30-2.45 News. 2.45-3.00 News. 3.00-3.15 News. 3.15-3.30 News. 3.30-3.45 News. 3.45-4.00 News. 4.00-4.15 News. 4.15-4.30 News. 4.30-4.45 News. 4.45-5.00 News. 5.00-5.15 News. 5.15-5.30 News. 5.30-5.45 News. 5.45-6.00 News. 6.00-6.15 News. 6.15-6.30 News. 6.30-6.45 News. 6.45-7.00 News. 7.00-7.15 News. 7.15-7.30 News. 7.30-7.45 News. 7.45-8.00 News. 8.00-8.15 News. 8.15-8.30 News. 8.30-8.45 News. 8.45-9.00 News. 9.00-9.15 News. 9.15-9.30 News. 9.30-9.45 News. 9.45-10.00 News. 10.00-10.15 News. 10.15-10.30 News. 10.30-10.45 News. 10.45-11.00 News. 11.00-11.15 News. 11.15-11.30 News. 11.30-11.45 News. 11.45-12.00 News. 12.00-12.15 News. 12.15-12.30 News. 12.30-12.45 News. 12.45-1.00 News. 1.00-1.15 News. 1.15-1.30 News. 1.30-1.45 News. 1.45-2.00 News. 2.00-2.15 News. 2.15-2.30 News. 2.30-2.45 News. 2.45-3.00 News. 3.00-3.15 News. 3.15-3.30 News. 3.30-3.45 News. 3.45-4.00 News. 4.00-4.15 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Playpen

by B. A. YOUNG

"Sex," said the ex-Guardian undergraduate in one of Beverly Hills' early novels, "is either joke or a physical exercise." The theatre has narrowed down still further: it is a joke. The first hour of his play is devoted to a comic exposition of the facts of birth and babyhood phrasing the old adage that "we don't choose our own parents."

The second act is devoted to the education of the child born in the first act's activities. It insists almost wholly of the small change of growing up at school—not a school like Mr. Williams's Eton but an ordinary secondary modern, where he can be sniggering at the life-style of the less affluent classes, asters, caretaker, dinner-lady, re given routine parodies, school chat is filled with enough clichés and eponyms to fill an anthology. I suspect they come from one: I see an



John Muirhead and Roddy Maude-Roxby.

anthology among the long list of credited sources in the programme.

Since the material is so flimsy laid out in front of us, there is no question of our cutting any fresh ideas about bringing up the young. But Theatre Machine, the company that presents this, is directed by Gerald Chapman, whose aim is to allow a measure of interesting use of masks, puppets and so on, as well as the music and things. The music is by Ben Benjamin, head of Mr. Albert, the m. Roddy Maude-Roxby, John Muirhead and Ric Morgan, and they winner.

Continuum

by CLEMENT CRISP

Micha Bergese's new dance work for the London contemporary Dance Theatre comes with a programme note acknowledging inspiration from the work of Sisyphus. Its admirable setting by Norberto Chiesa is of structure made from aluminium casts so angled as to form a sequence of slopes on which Bergese, a mountaineer Sisyphus, limbs and forever slides down its ceaseless, fruitless ascents. Bergese's highly concentrated physical and emotional presence—he is an exceptionally gifted dancer, having a hard, cutting edge to his stage personality—gives Continuum a hypnotic, almost neurotic focus.

We watch this extraordinary figure doomed to an eternity of little climbs and falls, and by his very relentlessness of his behaviour, we believe in him. Sisyphus' argument of Sisyphus' lapp, fulfilled by the inevitable absurdity of his fate, seems less clear in the way that Bergese has paralleled his hero's activity with group dances for a double trio and another couple. These figures are seen in movement somewhat constrained by the metal structure, and further restricted by a language more earnest than adventurous. Nothing performed by the

Radio 3

The BBC on Sunday afternoon gave what was described as the "world premiere" of an unperformed opera by Delius. The Magic Fountain, written in the middle nineties, came between *Finlandia* and *Kompani*. It was apparently considered for production in Prague and, possibly, Weimar. Nothing came of these projects. Many years later, Beethoven's hopes of a performance in London were similarly unrealised. The music, however, is not entirely unknown. Some material is shared with the suite

The Magic Fountain

by RONALD CRICHTON

The BBC on Sunday afternoon gave what was described as the "world premiere" of an unperformed opera by Delius. The Magic Fountain, written in the middle nineties, came between *Finlandia* and *Kompani*. It was apparently considered for production in Prague and, possibly, Weimar. Nothing came of these projects. Many years later, Beethoven's hopes of a performance in London were similarly unrealised. The music, however, is not entirely unknown. Some material is shared with the suite

No love for the messenger

by CHRIS DUNKLEY

They are young, some almost unbearably young for what they are doing, and brave, almost suicidally brave. And they are relatively very few. They form a stunted legal body which, for operational purposes, is split up into small, tightly knit units, each with its own nicknames and its own slang to describe the hostilities that they exist to engage in.

They wear a uniform of sorts, but the effects of individual idiosyncrasies tend to outweigh that effect of the uniformity: boots, scarves, and soft ear-muffling helmets are often similar, but bits of personal decoration vary widely.

Between battles they look young, and superbly carefree, though there is anxiety at the back of their eyes and behind the bravado in their voices. Away from the actual fighting they enjoy all-time parties where they drink a lot of beer, and often end up with their arms draped fraternally around one another's shoulders, singing dirty songs, usually about the foe, sometimes about their own prowess, and performing crazy group dances.

Their greatest delight is to see their tiny bunch of front line forces go down into battle against more incredibly superior numbers—often 15 on them surged joyfully into the fray against 2,000.

The few, yes, the few hundred delinquent London teenagers among the supporters of Millwall Football Club who have been born a time when their country doesn't happen to be issuing licences to young men to go out and fight—and preferably even to kill—a national enemy. They were the subject of a very recent made film on last week's *Panorama*.

The presence of such youths in our society is no novelty. Having been born in 1844 myself, all my experience is of a Britain at peace. But throughout my life my father has looked at the evidence of persistent youthful delinquency, and violence around us and declared "What they need is a war."

Of course there is another way of looking at it, as Sophocles realised 2,400 years ago when he wrote in *Antigone* that "Nobody likes the man who brings bad news." You can simply blame the whole thing on the messenger and nowadays that means the mass communications media.

Delusively, that has been the most popular reaction once again in the past ten days in response to a number of programmes which have coincided, quite by chance, and delivered to homes all over the land a vivid picture of what goes on among the delinquent part of the bottom layer of our society today.

First came *Frank Hodman's* *Day on the Street*, the re-enactment of the life to date of a young prostitute named Sandra. Then "Innocently Dead" she was deserted by her father and abandoned across the fens, and eventually married by a yob. Taylor. And later "I've had and in a pull on the rebound, she life. Not like you. You grew up in a public house, and I've grown up in a public house. The boy who street fighting every night, went to Brian; Sandra became



Geraldine James in 'Dummy'.

me some trouble in deciding how far Billy was striving to fulfil his notion of television's idea of delinquent youth, and how far being honest. Yet in the end, my considerations became subordinate to the framework of undeniable facts in Billy's case. The distressing and ultimately depressing thing is that it is not the facts (so far as they can be agreed) that are picked up and discussed after programmes such as these; instead of the measure being disassembled, it is the messenger that is taken apart.

After *Panorama* Denis Howell, Minister responsible for sport, said that the general opinion of the working party which he is chairing to study football safety and hooliganism, was that "it was the most irresponsible programme seen for a very long time. It was almost whatever that means) an incitement to violence. What encouraged us was the total lack of balance; there was no attempt to show any supporter they could find, apparently, for the programme." Which is a little like accusing a Labour Party Political Broadcast of failing to put the Conservative viewpoint.

"Balance" is of course provided by Conservative Party Politicians, just as the images of hundreds of thousands of law-abiding fans at scores of televised football matches more than "balance" the rare images of violence. *Panorama*'s most viewers are as capable as Mr. Howell of understanding that all these programmes, on violent youth are about a small proportion of our population.

But 11 years on from *Colby Connors*, now that we have realised that television's harrowing revelations about society are not more indicative of a cure than were Dickens' revelations 100 years before, what is the point in showing such programmes if they simply cause viewers the sort of pain mentioned above?

The point, surely, is that that is not all that they do. At the very least they put flesh on what was previously just an abstract horror story; however unappealing Billy may be to us, after that programme, quite clearly a human individual, and not merely a crime statistic.

At their best—as in Whyte's third programme due on ITV next Tuesday, *Medicine*, which in my view is as good and perhaps better than Allan King's *Wayward*—they bring home forcefully the understanding that no man is an island, and show very vividly that whether it was nature or nurture that caused the delinquency, these young people have had a wickedly bad deal from fate and society.

If such programmes do more than denigrate to luxuriate in the willingness of using the public purse to finance centres such as Ayeliffe, they would be well worthwhile. But, as Whyte's programme shows, as Whyte's programme shows, they can do much more. Like certain great plays they are able to show that good and bad, vice and virtue, are merely two sides of the single human coin.

Babel's Dancer

by MICHAEL COVENEY

This is the deodorised fringe, the end. This is the worst how I've seen since lunchtime. This is the National Theatre doing its bit. What can one possibly say about a show that is an animated Pseudo Corner about where Civilisation went wrong and technology took over, here fashionable jargon called "om" (the programme has it) (Luhann, Buckminster Fuller, von Strauss, Norman Mailer, Bob Dylan and Erica Jong to name it hundreds backs up a weedy age scenario featuring a Christ figure, a terrorist raid in a Hollywood and a whole lot of guff about the libido and genital all pulses? It is about everything, is about nothing.

There is no passion or nuance expertise in this vulgar reduction by Martin Beins, loads of money. Four TV screens convey the supercilious ments of a reporter at the one of the raid and a series of dull interviews with dullologists. Six nice young performers wade around in truck its evoking the problems of the urverse, of urban society, of the ything. During one particularly interminable sketch, an

Wigmore Hall

Sorabji again

by NICHOLAS KENYON

Yonty Solomon has been playing the piano music of Kaikhosru Sorabji so wisely in recent months that he has become almost known by now, exclusive permission from the composer to play his works at his recitals. No longer promise the sensational revelations they did a year ago. Nevertheless, the extensive radio and television coverage of this gloriously eccentric composer (in an age which desperately needs eccentricity) has clearly aroused great interest: there was a good crowd at the Wigmore Hall last night to hear the latest premieres.

Two works were given their first public performances (though the composer has recorded them both privately). *Gulistan* is based on 13th-century Persian literature, and describes a rose garden of truth, trust and beauty. To me it conjured up Joe, a young man who is passionately in love with a girl named Catherine, whose husband, Kalman, has been extremely sick down his trousers.

The young couple, it appears, have not yet consummated their marriage and lush wants to know why; or rather she wants to see if she can help by making a party of the situation. There

Soho Poly

Virgins, Vultures and Love

by MICHAEL COVENEY

Michael Sharp's lunchtime play is a piece of derivative twaddle that makes it impossible to detect any show of promise. We shall have to wait for a production by Wakefield Triplex early next year of a full-length piece before passing more objective judgment on Mr. Sharp's talent.

The scene, admirably evoked by designer Rita Purzey, is a charming pink hotel room somewhere in America where a young couple on a honeymoon are counterpoised to the self-sacrificing Elsie, who redeems the sick Prince Henry. Nevertheless Sullivan manages to give the story a rich, lively, continuous and unexpectedly chromatic score, choosing a treatment of the words quite different from his Savoy style with its parallel phrases and its necessary point-in-up of rhyme. A perk, almost Berlioz-like woodwind-and-brass theme for Lucifer is notable.

If this performance stirs, say, the Royal Choral Society or the Bach Choir to revive *The Golden Legend* with appropriate resources fit need not take quite full evening then it will not have been wasted. Among the soloists Deliah Brook is a final-year student at the Guildhall School as Elsie was outstanding for sympathetic appeal and thorough musicianship, not least in carrying on regardless of an orchestral mishap.

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onway Hall

The Golden Legend

by ARTHUR JACOBS

Sullivan would have been said to think that *The Golden Legend*, but bearing a connection to the *Midway and Ruddy*, should have fallen into total oblivion. A keen connoisseur of the conditions of performance of his works, he would scarcely have counted need last night's *The Golden Legend* needs a full symphony orchestra and a chorus well leading the orchestral numbers; on occasion, at the Crystal Palace, it had 3,000 singers and instrumentalists. To perform now with a chorus of about 40 and an orchestra of similar size, is to get proportions wrong, as well as tone-colours.

Formally, this was a meeting of the Gilbert and Sullivan Society, for whom the Imperial League Operatic Society performed under Michael Withers. A book of words was provided in an omission unthinkable to the chorians, depriving the audience not merely of the singing but of the stage direction: these directions are very subtle: "Struggles at the door, (cannot open it, for instance.) A work is, in fact, fully a man in concert form—not

Wigmore Hall

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EUROPEAN NEWS

French threat to block EEC's regional fund

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

FRANCE TO-DAY threatened to block renewal of the EEC's regional fund after the end of this year unless other governments agreed to its demand for an increase in its statutory percentage share of the fund's resources.

BRUSSELS, Nov. 22.

There have been suggestions that France might seek to strengthen its case for a quota increase by attempting to link the renewal of the regional fund to the continuing dispute between Britain and West Germany over the size of the U.K. contribution to the EEC budget, which is also due to be discussed at the summit.

Executive pay still well ahead in France

By Robert Mauthner

PARIS, Nov. 22.

THE AVERAGE income of French executives is still four times higher than that of ordinary workers, but the past ten years have seen a substantial reduction of wage and salary differentials, according to a report published at the request of the Prime Minister, M. Raymond Barre.

'Wise men' urge pay restraint on Bonn

BY ADRIAN DICKS

BONN, Nov. 22

WEST GERMANY needs wage restraint if it is to build on the high reflationary stimulus provided by the Government so far to raise growth and provide more jobs in 1978. This is the conclusion of the 'five wise men' panel of independent economists who regularly comment on official policies, in their annual report.

ment of growth during the current year. According to the five wise men, 1977 GNP growth will have been no more than 2.5 per cent. From such a low base, they argue that Government policies will achieve 3.5 per cent next year, or a full 1 per cent less than the Government target of 4.5 per cent.

Ministers praise Sadat's courage

BY OUR OWN CORRESPONDENT

BRUSSELS, Nov. 22.

SPAIN'S President Sadat's "courageous initiative" in going to Jerusalem, EEC Foreign Ministers today called on the Arabs and Israel to seize the opportunity which the visit offered to further prospects for a Middle East peace settlement.

closure of black newspapers. The EEC has made it known, however, that it will continue to study new ways to apply pressure by means of a ban on government export credit guarantees, a halt on new European investment there, and other actions in the field of trade relations.

NUCLEAR POWER IN WEST GERMANY

An argument about growth

BY JONATHAN CAIRN IN BONN

THE LEADERS of West Germany's ruling parties have scored a tactical triumph over the opposition by blocking an increase in the country's nuclear energy resources for years to come. They have done it through some apparent compromise combined with a large dose of "realpolitik".

Commenting on these calculations, the government notes that such a reduction on economic growth would mean that the social security system could no longer be financed, that consolidation of state finances would be impossible, and that the structural problems already afflicting the economy would stand no chance of solution.

West Germany cannot afford not to stick to its nuclear path. Nor can it afford to drop plans for fast breeder reactors or an integrated reprocessing and waste disposal plant.

New Iberian friendship treaty

BY ROBERT GRAHAM

MADRID, Nov. 22.

SPAIN and Portugal today signed a ten-year renewable treaty of friendship, pledging close political, economic and military co-operation to preserve the security of the Iberian Peninsula.

headed by foreign ministers, to oversee relations between the two countries. This will meet once a year.

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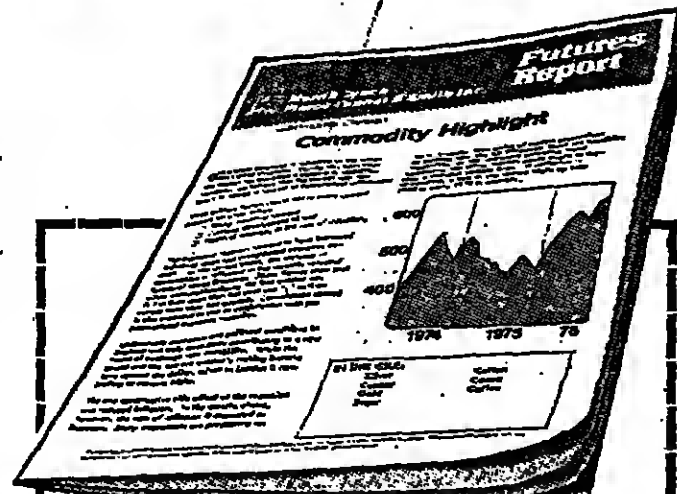
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Air France strike planned

By Michael van Os

AMSTERDAM, Nov. 22. THE PROVISIONAL policy agreement announced in The Hague by the Christian Democratic Party (CDA) and the right-wing VVD coalition...

Few surprises in Dutch coalition pact

By Michael van Os

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Poles plan big consumer goods boost

By Christopher Bobinski

WARSAW, Nov. 22. THE POLISH Government yesterday approved an economic plan for 1978 which forecasts a 5.4 per cent growth in national income, 6.7 per cent growth in agricultural production and 6.3 per cent growth in industrial output.

Romanian Ministers sacked

By Paul Lendvai

VIENNA, Nov. 22. THE ROMANIAN Minister of Industrial Construction, Vasile Bumbacescu, his deputy Mr. Constantin Ionescu, and Deputy Minister of Foreign Trade, Mr. Ion Florescu, have been sacked for violating "disciplinary measures" against the Yugoslav News Agency Bucharest.

Malta accord

By Michael van Os

MALTA will sign a separate accord with Libya in the event of France and Italy rejecting the island's plea for economic and political support after British and Nato military bases are permanently closed down in 1979, Maltese Premier Dom Mintoff told Parliament, writes Geoffrey Grima in Valletta.

Portugal investment

By Michael van Os

Portugal is to mount a campaign for foreign investment to help it recover from the economic recession and political turmoil that began in 1974, the Minister of Economic Planning and Co-ordination said yesterday, AP-DJ reports.

Czech-Austria pacts

By Michael van Os

Two agreements were signed in Vienna yesterday by Austria and Czechoslovakia on cultural and scientific co-operation, and the opening of two new border crossings, writes Paul Lendvai. The accords were signed by Czech Foreign Minister Bohuslav Chvojka and Austrian Foreign Minister Willibald Pahr as a significant step towards the fulfilment of the Helsinki accords.

Mayor's visit

By Michael van Os

The Mayor of West Berlin, Herr Dietrich Stobbe, begins his first official trip to Britain today, Reuters reports from West Berlin.

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ON BOARD NEWS

Energy formula emerges

BY DAVID BELL

E. CARTER Administration now begun to outline the... Energy Secretary, told a Press conference in more detail what the Administration might be prepared to accept.

WASHINGTON, Nov. 22.

Bill is currently being discussed by a joint conference committee of the House, which approved most of the original Bill, and the Senate, which did not.

McDonnell Douglas in W. German fighter deal

By Stewart Fleming

NEW YORK, Nov. 22.

McDONNELL DOUGLAS, the U.S. aerospace company has linked with Messerschmitt-Boelkow-Blohm, West Germany's largest aerospace co-ordinator in an agreement to examine systems, materials and applications technology for an advanced fighter aircraft.

Brazil to defy Vance on nuclear development

BY DAVID WHITE

RIO DE JANEIRO, Nov. 22.

BRAZIL is not prepared to budge from its position on nuclear development, the first to a list of subjects which Mr. Cyrus Vance, U.S. Secretary of State, said today he had come to discuss, Brazilian diplomats said.

major stir in Brazilian military circles earlier this year when she accepted protest letters from Brazilian students and families of political prisoners.

Modest rise in U.S. consumer prices

By Our Own Correspondent

WASHINGTON, Nov. 22.

CONSUMER prices in the U.S. rose by a modest 0.3 per cent. in October, the same rate as in the previous two months.

Iron dispute settled

BY JOHN WYLES

NEW YORK, Nov. 22.

EVELAND-CLIFFS iron company, the United States' largest independent iron ore producer, agreed peace terms with its 10 workers who have been on strike since August 1.

effect this would have resulted in a pay cut for about 4,000 of the industry's 15,000 workers.

This is the first local settlement of the protracted dispute since a joint settlement proposal from all eight iron ore producers affected by the stoppage failed to win the strikers' approval a fortnight ago.

Iron and steel production has not been at all threatened by the stoppage since the stocks are on the upswing to carry the industry through into the New Year.

FBI had orange plan to squash Panthers

By David Bell

WASHINGTON, Nov. 22.

AN EXTRAORDINARY campaign of systematic disruption and dirty tricks is revealed in more than 15,000 pages of Federal Bureau of Investigation (FBI) files recently released by the Agency to-day.

Throughout the 1960s, according to the files, the FBI ceaselessly intervened in the affairs of sundry groups on the Right and Left of the political spectrum sparing no efforts to discredit them.

There was, for instance, the case of the oranges. An agent proposed that they should be injected with a mild laxative before being delivered as a free gift to the Black Panthers.

Mr. J. Edgar Hoover, the FBI's director, had a special hatred for groups on the Left and for the Communist Party, one scheme involved sending through the air conditioning system at the 1966 Communist Party convention but he tried to be fair.

FBI agents infiltrated every organisation that mattered and a good few that did not. In Montgomery, Alabama, agent sobriety noted that "the only black nationalist organisation in this division is the Youth Progressive Party which has a reported membership of eight, two of whom are informants."

FBI agents also paid newspaper subscriptions for top members of the Communist Party and were the leading distributors for a series of Black Panther colouring books which depicted policemen as pigs.

Agents were particularly leapt at distributing newspapers and pamphlets—printed for security—on unwatermarked paper—designed to evade the maximum disclosure laws in Vietnam.

The whole operation, which began in 1956 and continued to the 1970s, was carried out under the code name Sintelpro and was widely expected at the time, although even the most cynical opponents of the war scarcely imagined the full range of berserker activities unveiled these files.

All through this period supporters of Dr. Fidel Castro were never ignored by the government, who had a particular aversion for the Cuban leader. One scheme involved using prostitutes to shame pro-Cuban activists.

It all seems to have been very much in a day's work for the FBI. And there is more to come. It withheld a further 800 pages of files as too sensitive.

French caution on arms sales

French Defence Minister M. Yvon Bourges, completing two days of talks, including a meeting with President Carter, said yesterday that restraint on arms sales is an issue that cannot be dealt with bilaterally between France and the U.S. UPI reports from Washington M. Bourges said at a news conference that the question of arms sales to third countries came up in his meeting with Defence Secretary Mr. Harold Brown.

Argentine crash

Reports conflict on the number of survivors in the crash of a honeymoon charter aircraft near the mountain resort of Bariloche in south west Argentina, reports Reuters. Informant sources in Bariloche said at least 41 of the 79 people on board survived the crash of the BAC-111 of the domestic airline Austral yesterday. But an Argentine communist said between 25 and 30 survived. The plane was carrying a mostly honeymoon couples on a charter flight from Buenos Aires to the winter ski resort.

Food programme

The U.S. Government has ended a seven-week halt in its \$300m-a-year foreign food programme and resumed shipments under new rules for helping governments considered to have repressive human rights policies, reports UPI. Resumption of the Food for Peace programme followed development by the State Department of new policies. A new law passed in August provides that countries which violate human rights cannot get long-term, low-interest credits under the programme unless the food involved is used to benefit only the needy. Indonesia, Bangladesh and South Korea will have to meet the special reporting terms covering aid for needy people.

Mexico rail bid

A British consortium has proposed construction of a Mexico City suburban railway network at a cost of £17bn. pesos (\$740m.), AP-DJ reports from Mexico City. Mr. J. Graham Day, director of the Bre-Metro Consortium said the project will be discussed this week with officials from the Secretariat of Communications and Transport and Public Works and Human Settlements. The consortium estimates the project would take three years to complete.

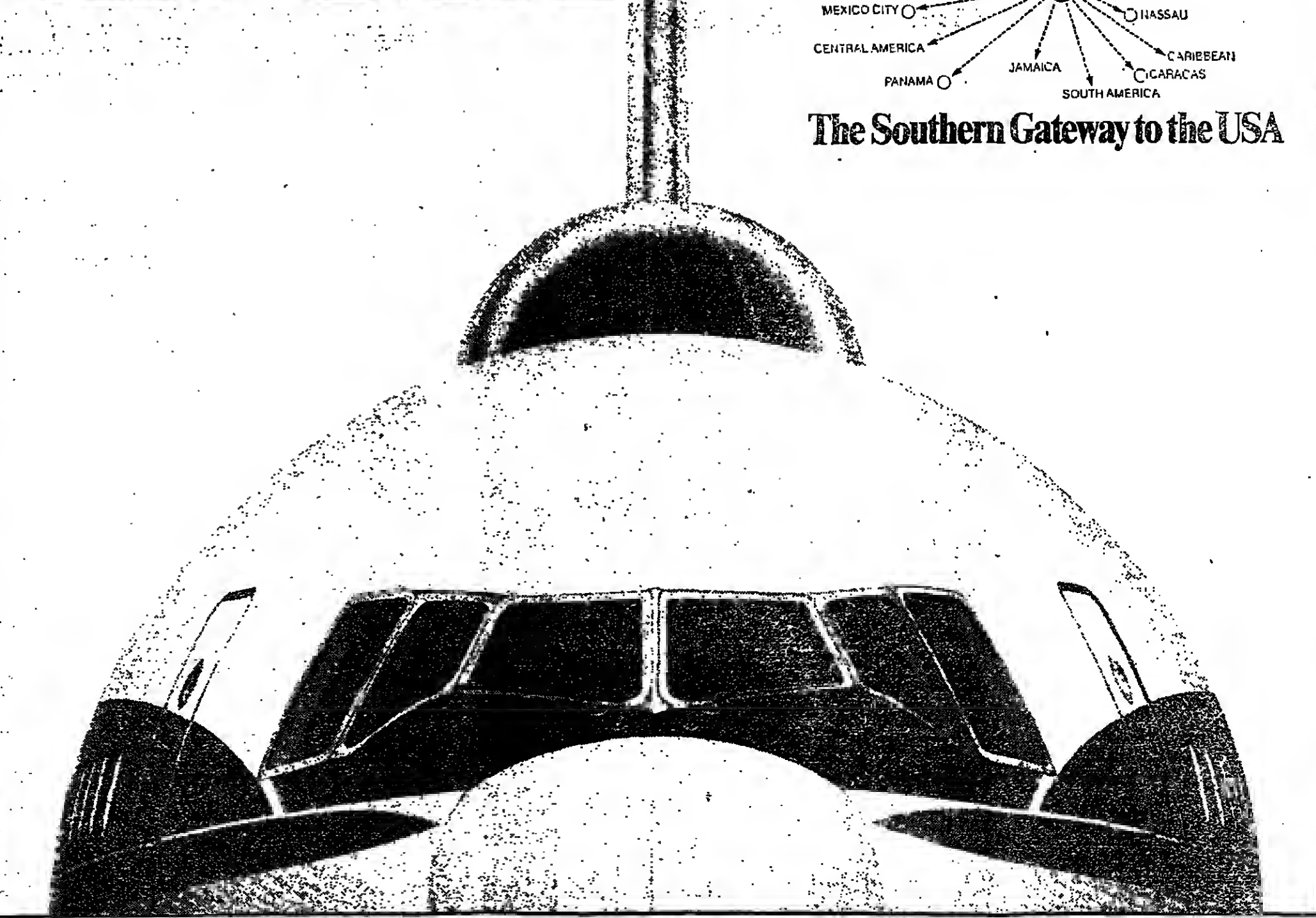
Research boost

President Carter said yesterday the new Federal budget submitted to Congress in January would contain more money for scientific research and development. Reuter reports from Washington. The President did not disclose the amount, but said it was needed because of a decline in the quality of scientific equipment and in the number of top-rank laboratories in recent years.

Peru borrowing

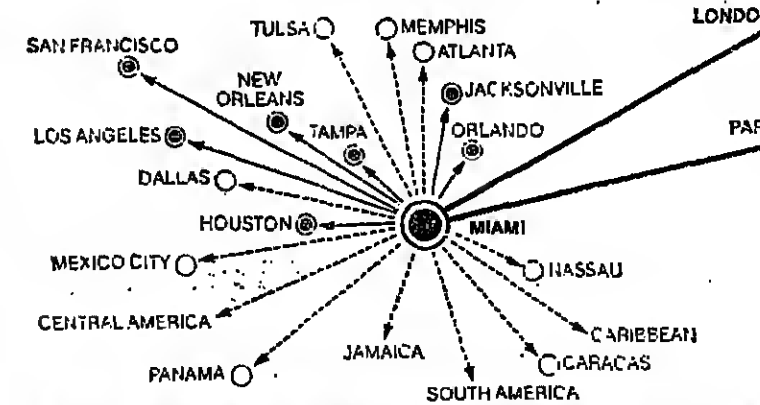
Peru is to seek an immediate \$100m. loan from international banks, Economy and Finance Minister, Albiades Saenz Bernallo announced, reports Reuter. Saenz said reporters the loan will enable Peru to meet urgent financial obligations before it receives the first tranche of standby credit from the International Monetary Fund (see Peru's austerity plans). The loan will be the first stage of \$300m. which Peru wants to obtain from U.S., Japanese and European banks to ease its balance of payments difficulties.

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OVERSEAS NEWS

UN row highlights Arab split

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Nov. 22

SHARP DIVISIONS between Syria and Egypt over President Anwar Sadat's week-end peace initiative were highlighted dramatically in the United Nations General Assembly today when the Egyptian chief delegate walked out in protest at a bitter Syrian attack.

Speaking on the opening day of the assembly's annual debate on the Middle East, the Syrian representative, Mr. Mowaffak Allaf, delivered a diatribe against Mr. Sadat, whom he accused of shaking hands with "Zionist butchers."

The Arabs had been stabbed in the back by the Egyptian leader's visit to Israel, Mr. Allaf declared. He also had bitter words for Mr. Sadat's "friend, Henry Kissinger, the former U.S. Secretary of State—whom he called a Zionist 'who has not lost his true face and treachery'."

Dr. Esmat Abdel Meguid, remained in the assembly until Mr. Allaf's references to Mr. Sadat took on an increasingly harsh and personal character. Then he and all but one of his associates in the delegation marched out of the hall.

"I didn't think it was necessary to listen to those insults," Dr. Meguid told journalists outside the chamber. He said he would speak in reply to-morrow. He returned to the assembly after Mr. Allaf had completed his statement.

Because they feared that the Syria delegate would take just this opportunity to attack Mr. Sadat, widening divisions in Arab ranks, some moderate UN members tried to have the debate postponed so that tempers might cool. But the Syrians insisted that discussion of the Middle East should begin on schedule. They have already drafted a resolution condemning the Israeli occupation of Arab territories, calling for total withdrawal and for the convening of the Geneva conference with PLO participation.

The Security Council also would be asked to take "all necessary measures"—a hint of sanctions—to ensure Israel's observance of UN resolutions. Hassan Hijazi adds from Beirut: Inter-Arab divisions which have sharpened over President Sadat's initiative are threatening to break the Arab world into rival camps reminiscent of those which existed in the 1950s.

Efforts have intensified to reconcile Iraq and Syria and bring them into a "rejectionist" front with Libya, Algeria and the Palestine Liberation Organisation (PLO) to confront Mr. Sadat. Informed sources report that the U.S. has been in contact with Saudi Arabia and Jordan to gain their support for the Egyptian President and his Middle East policy.

Major Abdel-Salam Jalloud, the second in command in Libya, has been holding talks in Damascus and Baghdad during the past two days. Unconfirmed press reports here said that Major Jalloud was trying to arrange a meeting between the Syrian President, Mr. Hafez Assad, and his Iraqi counterpart, President Ahmed Hassan Bakr. The success of a new "rejectionist" front depends entirely on reconciliation between these two countries.

In Damascus, he hinted to press that a mini-summit of members of this new front was imminent. If Jalloud returned with a clear answer from Iraq, in the opinion of many observers such a summit might be held and witness a reconciliation between the arch-rivals Iraq and Syria.

U.S. still committed to overall settlement

By David Bell

WASHINGTON, Nov. 22

THE CARTER Administration today reaffirmed its commitment to the need for an overall settlement in the Middle East in a further attempt to prevent a lasting split in Arab ranks.

While Mr. Warren Christopher, the Deputy Secretary of State, reiterated the Administration's policy in a speech before a Jewish audience in San Francisco, Mr. Rex Gram, the Deputy Press Secretary, told reporters that the U.S. is in constant contact with Arab leaders trying to assess the real outcome of the trip by President Anwar Sadat of Egypt to Israel.

U.S. officials have still not received full reports of the lengthy conversation that Mr. Sadat had with Mr. Menachem Begin, the Israeli Prime Minister, and there is a strong suspicion here that the two sides did reach agreement on some Israel compromise which could possibly ease the way to reconvening a new Geneva conference.

This optimism is heavily qualified, however, by continuing evidence of serious fissures within Arab ranks. In an effort to shore up the United Arab front, which the administration still regards as the key to lasting peace in the area, Mr. Christopher made it clear that the U.S. actively opposes any separate deal between Egypt and Israel.

Further, making no concessions to his audience, Mr. Christopher also repeated the U.S. belief that a final settlement must include a Palestinian entity or homeland "and that our preference would be for such an entity to be linked with Jordan."

Mr. Christopher said Mr. Sadat's trip "at one stroke had broken down 30 years of distrust bringing with it a dramatic opportunity to move from a state of confrontation to a state of true peace."

Surgeon says he was shocked at Biko's death

By Quentin Peel

JOHANNESBURG, Nov. 22

A DISTRICT SURGEON who examined Mr. Steve Biko, the South African "black consciousness" leader, several times before he died in police detention, said today he had been "very much surprised" and "worried" when he heard that Mr. Biko was to be transferred more than 700 miles by road to Pretoria.

On the seventh day of Mr. Biko's inquest in the state capital, evidence was given by two doctors from Port Elizabeth who were interviewed by security police of their inability to diagnose any illness or organic ailment, although he spoke in a shrill manner, complained of weakness in his arms and legs, refused food and drink, and had urinated in his blankets.

During a second day's cross-examination, Dr. Ivor Laog, a district surgeon, admitted he was shocked when he was told of Biko's death, the day after he was transferred to Pretoria, and "it was quite obvious we had missed something." He said that at one stage had the security police suggested that Mr. Biko might have suffered a head injury—which is given as the cause of death in the pathologist's report.

Both he and Dr. Benjamin Tucker, the chief district surgeon, denied ever seeing a scab and a swelling on the dead man's forehead, although he was examined on several occasions. Dr. Laog denied that his attention had been diverted from examining Mr. Biko's wounds.

Mr. Biko's said the security police would not allow Mr. Biko to be admitted to the Port Elizabeth Provincial Hospital. The only prison hospitals adequately equipped to examine him were in Cape Town and Pretoria. "It worried me that there was nothing I could do about it," Dr. Laog said.

Three young blacks were found guilty in Pretoria Supreme Court today on charges of recruiting people to undergo military training outside the country, and importing arms and explosives with the aim of violently overthrowing the South African Government. The three, who were jailed for terms totalling 47 years, gave the clearest security police suggested that Mr. Biko might have suffered a head

Pressure on \$ pushes yen higher

The yen hit a new high of 341.30 to the U.S. dollar in heavy trading yesterday, in spite of intervention by the Bank of Japan. Reuter reports from Tokyo. Dealers said that pressure on the U.S. currency had been increased by the apparent failure of talks with the U.S. This week to produce concrete ways of reducing Japan's balance of payments surplus. The U.S. team failed to obtain a specific date for reversing the trend in Japan's current account balance, which is expected to show up a surplus of at least \$6.5bn. in the fiscal year ending next March.

Nigerian gunboats

Nigeria has ordered three high-speed missile-armed gunboats from France in what French officials yesterday called a major arms sales breakthrough to English-speaking Africa. Reuter reports from Paris. The order is worth \$550,000, and the officials said the Nigerian navy had also ordered three similar vessels from West Germany.

Somali assault

Somali forces drive a long lull because of a major assault on the eastern Ethiopian mountain city of Harar. Arab diplomats said yesterday in Mogadishu, Reuter reports.

Indonesia corruption

President Suharto yesterday ordered the highest-level investigations yet in Indonesia's five-month anti-corruption drive, involving all State governors and ambassadors abroad. Reuter reports from Jakarta. The anti-corruption campaign has already resulted in the sacking of dozens of officials. Internal Security Chief Admiral Soedomo has said he would not hesitate to arrest top-ranking officials.

ON OTHER PAGES

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Kaunda's Rhodesia policy

By David Bell

LUSAKA, Nov. 22

ZAMBIAN President Dr. Kenneth Kaunda is believed to be preparing a note to Britain and the United States setting out his position on their troubled Rhodesia initiative, diplomatic sources said today.

The document is expected to be an important statement of Dr. Kaunda's policy after secret talks with his Tanzanian counterpart, President Julius Nyerere, last week-end in northern Zambia. The meeting had been expected to see the United States and Britain take a more moderate line towards Asia's revolutionary movements to the interests of first containing

Peking-Hanoi rift remains

By a Special Correspondent

PEKING, Nov. 22

MR. LE DUAN, the Vietnam Communist Party leader, leaves Peking to-morrow following a low-key visit which has not apparently narrowed the rift between Peking and Hanoi. He leaves without giving the customary return banquet for his Chinese hosts in the Great Hall of the People or making the ritual end-of-visit speech to the Chinese capital. He flies direct to Canton and from there to Hanoi without even a passing presence at the provincial tour usual for visiting foreign leaders.

On his arrival in Peking on Sunday he was accorded the standard official welcome with none of the lavish displays of Tien an Men dancing girls and the open car ride through the city with Huo Kuo-Feng, the Communist Party chairman, which honoured the visit of President Tito of Yugoslavia and the Cambodian Party and Government chief, Pol Pot, recently.

The Soviet Union, with the stumbling block of territorial claims, with disagreements about who the real enemies of Marxism-Leninism are, and with the historical baggage of distrust of China by the Vietnamese, who were once part of the Chinese empire, there seems little prospect of the immediate future of mutual friendship blossoming between the two neighbouring countries. In a small but significant gesture the Chinese showed their distrust of Vietnam by quitting to publish Le Duan's arrival portrait in full glowing colour in the People's Daily, an honour accorded to every the highest of Marxist-Leninist party leaders who visit Peking these days.

RECENT VISITORS to Chinese universities are reporting an unusual phenomenon. University libraries are full of students, their heads deep in their books. Since the Cultural Revolution libraries have been empty. With the exception of the Marxist classics and a handful of volumes available with a signed authority from a teacher they were closed to students. Across the country senior high school students and the "educated youth" packed off to the countryside over the past two years are feverishly cramming for university entrance examinations, the first to be held in ten years.

Following a decade of the world's most radical exam-free education system, China has reverted to a tough, competitive and highly elitist education system which will select the talented and clever in the name of rapid economic and technological development. The privilege of university education should go to the best students, said a recent newspaper readers' letter, a total negation of the educational revolution of the last ten years.

millions applications have been received in Heilongjiang province alone, according to a provincial official, for a mere 8,000 places. Few examinations in the world could rate as competitive as this one. Few are so important to the examinees. And few could be destined to build up so much resentment among failed provincial graduates as this one. Provincial graduates who felt it necessary to sort-out those who will fail by claiming that it is just as honourable to go to the countryside or work in the factory as study for a degree. The view is unlikely to be enthusiastically endorsed by students or their parents who have been subjected to ten years of agitprop and who are now seeing privilege raise its head again. Applications are open to workers, peasants and soldiers as well as those from the past two years who are now working out their time in factories and communes. The latter have been warned not to neglect their chores by concentrating only on revising for exams.

One of the most striking facts about higher education in China is the scarcity. Only 800,000 university students at any one time comprise a tiny elite in a country of eight or nine hundred million people. The numbers may well have been kept artificially low given the inflammatory role played by students in the Chinese Revolution from 1911 on. Last year's campaign to oust Teng Hsiao-Ping from office was conducted largely from the university. The small student body has meant a very high ratio of teachers to students— one to three—and some teachers, for example in the psychology departments, have actually had no students at all for years.

At least ten million applications have been received for the first examination of the new university enrolment procedures for only 200,000 places. One

China's exam fever rises. The view would for now be a must. Realising how vital the examination is and how desperate applicants are, to succeed, the number of candidates is growing. The number of candidates is growing. The number of candidates is growing. The number of candidates is growing.

Nimeiry visits Cairo to show support

By Michael Tingay

CAIRO, Nov. 22

PRESIDENT Jafaar Nimeiry of Sudan visited Cairo briefly today for talks with President Sadat in a show of support for his closest political ally. Total uncertainty surrounds the issue of the reconvening of the Geneva peace conference following various optimistic noises from official and semi-official sources.

Only four Arab states—Sudan, Oman, Morocco and, unofficially, Jordan—support President Sadat and yesterday's arrival of President Nimeiry was particularly welcome.

Egypt is bound to Sudan by a political and economic integration programme as well as a military defence pact signed last year after a Libyan-backed coup attempt in Khartoum.

President Nimeiry stopped over for only 90 minutes. At the airport he said: "In Sudan we strongly believe the peace decision is no less dangerous than war." But he added: "Pres-

ident Sadat has achieved a great victory in terms of world strategy. The newspaper Misr, organ of Egypt's ruling Arab Socialist Party today reported that President Sadat had told newspaper editors in a briefing that "occupied Arab territory will be returned and that Israel will go to Geneva to-morrow."

But the world at large has been wondering how President Sadat can overcome the obstacle of Syria's violent rejection of his unilateral move, not to mention the problem of the PLO's role, if any, after the Israel trip.

A government spokesman said to-night: "The door opens to the Geneva peace conference. There are two elements in the position which have yet to be settled. One element concerns the Arab countries and the second element concerns the nature of Palestinian representation at Geneva." From the spokesman's statement it appears that Egypt and Israel have agreed in principle on the reconvening of the conference, while setting aside the real issue of Palestinian representation until the political landscape is clear.

Dayan demands decision

By David Lennon

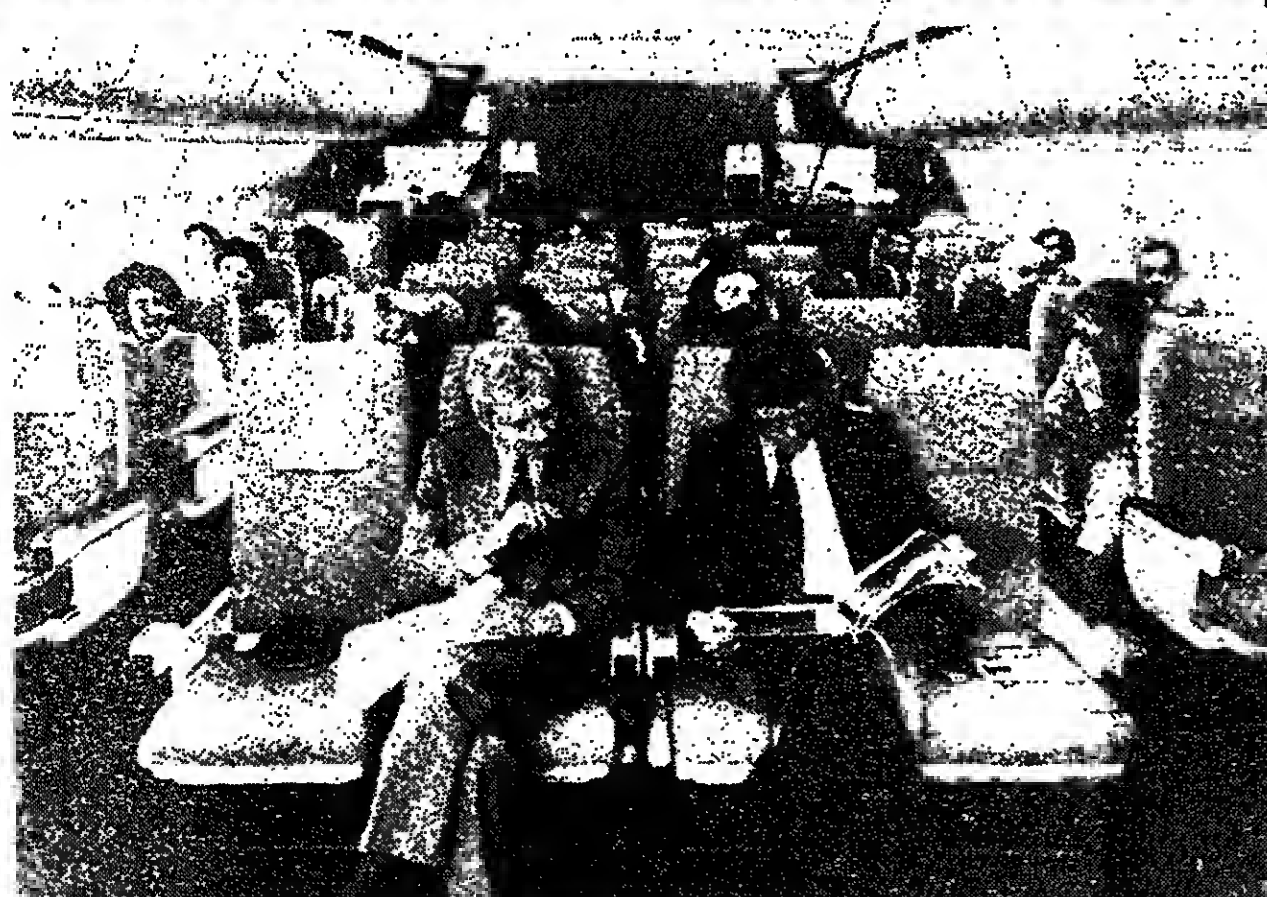
TEL AVIV, Nov. 22

ISRAEL has reached the fateful hour and must make up its mind quickly what position it will adopt. Mr. Moshe Dayan, the Foreign Minister, told the Likud Knesset faction this evening, Israel Television reports.

Israel did not make any specific proposals to President Sadat during his visit, because his mission was to break down one of the barriers to peace, the Foreign Minister said.

Mr. Dayan reported that members of the Egyptian party had told him they considered the visit a success. Both Israel and Egypt saw the real test of the week-end's events in developments to the future. The Israeli Cabinet meets on Thursday to hear a report by Mr. Menachem Begin, the Prime Minister, on his talks with President Sadat.

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Timetable Flugplan

WORLD TRADE NEWS

Japan to give steel cost data to U.S. Subsidies 'threat to trade'

TOKYO, Nov. 22. The object of providing production cost data so far as Japan is concerned, is to lay the basis for a negotiated settlement under which the selling price of Japanese steel in the U.S. will be raised to a level substantially higher than at present, but still lower than the domestic selling prices of the U.S. steel industry.

SINO-BRITISH TRADE

Slow lift-off for Harrier

WHEN Vice-Premier Wong Cheo told a senior British industrial delegation visiting Peking earlier this month that China intended to buy the Hawker Siddeley Harrier vertical take-off fighter, he was only voicing thoughts that the Chinese have been discussing privately with high-level British visitors for some time.

EEC to hold trade talks with China

EUROPEAN Common Market Foreign Ministers yesterday agreed that the Community would open negotiations with China on a non-preferential trade agreement.

Simon Carves—Soviet financing

THE STERLING financing agreement for a £79m. rubber processing plant, contract between Simon Carves and the Soviet foreign trade organisation, was signed here today by Morgan Grenfell and the Soviet Bank for Foreign Trade.

An important question in proposed U.K. Harrier sales to China is how strongly the U.S. would object.

Zunwalt, who visited Peking in July, as the President's unofficial representative, was reported to have raised the question of a possible exchange of U.S. arms for Chinese oil.

Beecham Irish plant

Beecham, the British pharmaceutical giant, has been given a go-ahead for a £25m. plant in the west of Ireland, by the public's Planning Appeals and Mr. Giles Merritt writes from Dublin.

Italy signs Moscow deal

ITALIAN Foreign Trade Minister Sig. Rinaldo Ossola today signed a \$650m. trade credit to the Soviet Union to finance Soviet imports from Italy.

New from Texas Instruments. Fine quality quartz watches with self-powered illumination for continuous day and night display.

Thessoe contract

Heavy Engineering Thessoe Group has been awarded an export order, valued at the region of £4m. by Jugoslavski Naftovod.

E. German-U.K. trade

EAST GERMANY is continuing to slide in relative importance to the U.K. among its Comecon trading partners.



ymac exports

ymac, totalling £175m. have won in Scandinavia by mac, of Newbury, with its CT hydraulic excavator.

Shipyard orders decline

WORLD ORDERS for merchant ships have fallen to their lowest level since June, 1968.

Giant technology. From the people who made micro-electronic calculators and watches possible

atch agreement

JAG, the largest grouping of Swiss companies manufacturing marketing watches and components, has concluded a major agreement on electronic quartz watches.

Lufthansa orders more Airbuses

LUFTANSANA, the West German airline, has confirmed that it is increasing its order for the A-300 European Airbus, converting options on four aircraft into firm contracts.

TEXAS INSTRUMENTS LIMITED. Texas Instruments Ltd, European Consumer Division, Nanton Lane, Bedford, Tel: Bedford (0234) 63181.

amprogetti deal

amprogetti has signed a \$100m. project to build and supply a textile plant in Algeria.

BANQUE CANADIENNE NATIONALE - MONTREAL

The Board of Directors of the Banque Canadienne Nationale has decided to announce that it has received authorization from the Banque France to open a branch office in Montreal.

HOME NEWS

North Sea oil swap planned with group in Norway sector

BY RAY DAFTER, ENERGY CORRESPONDENT

TWO OFFSHORE oil groups may swap output from the British and Norwegian sectors of the North Sea in a unique deal aimed at reducing field development costs.

Statoil, the biggest firm in the North Sea, is due on stream in 1979. Murchison should be in production the following year.

Coal Board pensions fund in deal to help companies

BY NICHOLAS COLCHESTER

THE NATIONAL Coal Board Pension Fund with assets of more than £1bn. and the Midland Bank are to co-operate in providing equity finance to medium-sized companies with market capitalisations of between £5m. and £20m.

The project also involves a big group of companies regularly to minority holdings, with Board representation, to quoted companies.

Foundry in £2m. project

DETAILS OF A £2m. project to expand and improve the foundry at the State gas works in Leicester, were announced yesterday.

State pensions

The new State pension scheme planned to come into operation in April, will still not provide pensions on comparable levels with those of other European countries.

Renault merger

Renault is to merge the truck and bus operations of its two commercial vehicle subsidiaries, Savium and Berliet, in Britain.

Move by Reliant

Reliant is to offer franchises for single units, such as the Kitten or the Robin in the hope of attracting more minor-cycle dealers to add three-wheeler cars and vans to their range.

AA rates up

Automobile Association membership rates are to go up on January 1. Full membership is to rise from £10 per year to £11.50.

Accounting code

The accounting bodies proposal to establish minimum standards for company audits seem unlikely to be published until March or April.

UDS builds

The UDS Group, which has built up a chain of 17 department stores through acquisition, is to build its first new store in Chatham, Kent.

For Christmas

Christmas stamps to be on sale today. They are based on the Twelve Days of Christmas.

£12m. hospital faults to be investigated

AN INQUIRY is to be held into alleged shortcomings at Barnsley's new £12m. general hospital, due to be opened officially by Prince Alexander this week.

'U.S. bribes' story in arms corruption trial

HERTS., denied being involved in corruption over the alleged payment of \$1m. to a former British official.



Members of the committee face Government Ministers over the table. From left, Chief Superintendent L. R. Jones, West Meria Constabulary; Miss Margaret Jones, Consumer Correspondent of the Daily Mirror; committee chairman Mr. Peter Prior, chairman of H. P. Bulmer; Mr. George Hill, chairman of Crest Hotels; Mr. Richard Davies, deputy finance director of British Aluminium Company; Mr. Hugh Marshall, a Transport and General Workers' Union lorry driver; Mr. William Rodgers, Transport Secretary; and Mr. Robert Maclean, Prices and Consumer Protection Under-Secretary.

Independent inquiry into motorway refreshments

BY DAVID FREUD

AN INDEPENDENT committee to inquire into motorway service areas was established yesterday by the Government. It aims to report by next June.

These should come on stream in 1979, but Mr. Iul stressed that Carlsberg will require considerable quantities of beer to be canned by outside contractors.

Carlsberg to spend £7m. more on Northampton brewery

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

CARLSBERG, the subsidiary of United Breweries of Denmark, is to spend a further £7m. at its U.K. brewery in Northampton.

These should come on stream in 1979, but Mr. Iul stressed that Carlsberg will require considerable quantities of beer to be canned by outside contractors.

Britain told: Go metric on nuts and bolts

BY LYNTON McLAIN, INDUSTRIAL STAFF

A CALL for legislation to force manufacturers to adopt metric industrial fasteners came yesterday from Mr. Alex Laker, chairman and chief executive of GKN Fasteners.

A similar problem may not exist in Britain, said GKN, as British makers refused to import cheap foreign goods.

Campaign launched to break a Post Office monopoly

BY JOHN LLOYD

A CAMPAIGN to break the Post Office's monopoly on the supply of telecommunications equipment has been launched by Airall.

The British suppliers, such as IEC, Plessey and Pye, have not declared themselves, but are privately keen for the Post Office to allow them to supply anti-monopoly alliance might be PARXs and subscriber apparatus on the cards in the future.

Years to perfect reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN'S nuclear industry needs to put in at least four or five years' work on the present gas-cooled reactor before it could be licensed for construction in the U.K.

The British suppliers, such as IEC, Plessey and Pye, have not declared themselves, but are privately keen for the Post Office to allow them to supply anti-monopoly alliance might be PARXs and subscriber apparatus on the cards in the future.

Tyne and Clyde in ships share-out

By David Freud, Industrial Staff

TYNESIDE AND Clydeside are earmarked for the lion's share of the huge £15bn. shipbuilding order from Poland.

Mr. Michael Casey, chief executive of British Shipbuilders announced in Glasgow last night that he was proposing to allocate all seven of the 15,000-ton bulk carriers to the Swan Hunter yard on Tyne, and ten of the multi-purpose bulk carriers to Govan on the Clyde.

Yesterday's meetings with shop stewards, both in the NE and in the SW, had been extremely constructive, with both sides agreeing to a number of proposals.

Interest rates may rise again

By Michael Blanden

INTEREST RATES in the City could start to rise again in response to the recent growth of money supply.

Council tenants cut arrears

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ARREARS of rent owed by Greater London Council tenants who were weekly have fallen by £53,866 in three weeks.

Atlantic airlines' £1.4bn. loss

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WHILE North Atlantic air travellers deserved the lowest possible fares, they should not expect fares to be below the cost of production, and in the long run any battle to provide cheaper rates would be against the consumers' interests.

Mr. Adam Thomson, chairman of British Caledonian, made these points at the Wings Club in New York yesterday, when he also said that airlines flying the North Atlantic had collectively lost \$2.5bn. (about £1.4bn.) over the past seven years, providing a text-book demonstration of "profitless growth" as traffic continued to rise over that period.

Economic policy 'limited'

By Peter Riddell, Economics Correspondent

THE SCOPE of what Government economic policy can achieve is more limited than either economists or the general public have commonly supposed during the post-war period, a business school head said yesterday.

Prof. Jim Ball, Principal of the London Graduate School of Business Studies, argued this point in the Blackett Memorial Lecture in the Operational Research Society.

Speaking on the theme of art and science in policy-making, Prof. Ball maintained that in general "our expectations have been excessive and it is this which is a more likely source of any further retrograde technical incompetence, the supposed machinations of politicians or some alleged conspiracy on the part of the Treasury."

Council tenants cut arrears

ARREARS of rent owed by Greater London Council tenants who were weekly have fallen by £53,866 in three weeks.

Hammersmith to receive £4m. in Trafalgar plan

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

HAMMERSMITH Council is to receive £4m. from the Trafalgar House group as the first step in plans to develop one of the biggest office buildings in West London for some years.

Trafalgar has held the development site since late 1970 and four years ago it opened the 640-room Cunard Hotel on one section of the land. Plans to build an air terminal on the remaining space were shelved.

Now Trafalgar proposes to build a nine-storey 139,000 sq. ft. office block, having been granted an Office Development Permit on the strength of plans to vacate a number of its own group offices in London and move Trafalgar staff into new buildings.

Another West London office project announced yesterday means that County and District Properties has won its appeal to build 70,000 sq. ft. of offices at the site of the old Hounslow Laundry, London Road, Hounslow.

Potential of wasteland

MORE THAN 250,000 acres of "unsightly" and "depressing" wasteland lie unused in Britain's towns and cities, says a report published yesterday by the Civic Trust.

In the first national report on the extent and potential of urban wasteland, the Trust says that land lying vacant or only temporarily in use could provide housing for up to 5m. people and, it developed, would prevent the loss of hundreds of acres of valuable farmland.

'Horrors' of Rent Act

THE GOVERNMENT should act immediately to stem the horrifying fall in the number of homes in the private rented sector, says the National Federation of Builders' and Plumbers' Merchants.

It says that the Government has become too complacent about the adverse effects of the Rent Act, both on the supply of private rented accommodation and standards of maintenance of the remaining privately rented dwellings.

'Red tape' delays improvements

URGENT action to simplify home improvement grants was called for yesterday by Mr. George Plucknett, chairman of the National Home Improvement Council.

Mr. Plucknett was speaking during a seminar at the Birmingham Exhibition Centre in Birmingham, where the Interbuild Exhibition is now in progress.

Council tenants cut arrears

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ARREARS of rent owed by Greater London Council tenants who were weekly have fallen by £53,866 in three weeks.

Mr. Adam Thomson, chairman of British Caledonian, made these points at the Wings Club in New York yesterday, when he also said that airlines flying the North Atlantic had collectively lost \$2.5bn. (about £1.4bn.) over the past seven years, providing a text-book demonstration of "profitless growth" as traffic continued to rise over that period.

He argued that, contrary to some claims about the airlines' lack of regard for the consumer, the airlines never stopped thinking about their customers.

"We rely on them for our continued existence and we believe that they should pay the lowest prices consistent with an economic return on investment."

"But we do not believe that they should pay less than the cost of an efficient operator in providing the product," he said.

Fares reductions on the North Atlantic had been going on for two decades. Twenty years ago the cheapest return, London-New York, was more than \$425 yesterday before the most recent round of cuts it had come down to \$350.

This was even more creditable, he said, when it was remembered that in real terms the dollar of the '70s was worth only half the dollar of the '50s.

He argued that it was vital that the collective voice of the airlines should be heard during the debate on North Atlantic air fares.

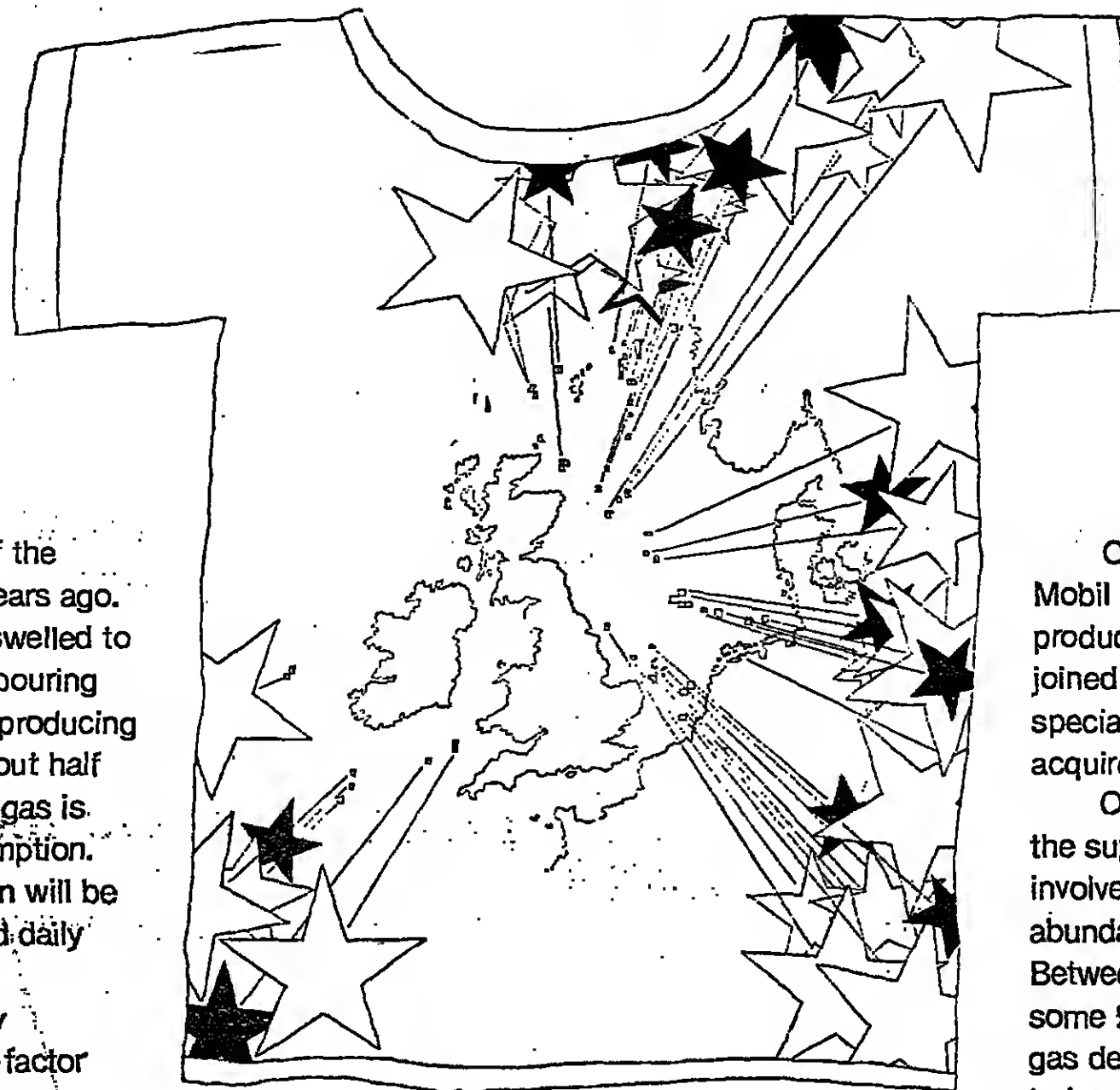
Mr. Oliver Pynn, deputy chairman of the Racial Group, agreed evidence that he had been told that the result of the Racial Group's 1971 for Boral equipment for Chief Minister seemed to have been falsified in Iran so as to favour the company's U.S. competitors.

Asked by Mr. William Toward, QC, for Mr. Nordin, if the suggestion was that the Americans bribed Iranian Army officers, he said: "That is the effect of what I was told."

He denied that Mr. Nordin, then his sales director at Racial BCC, had urged that it was necessary for the company "to get some money across to the Iranians" to get their support for the British side of the negotiations.

Mr. Pynn agreed that he had met Sir Shapoor

"We could be Britain's most important rock group."



The first oil from the British sector of the North Sea arrived on British soil 2½ years ago. What began as a trickle has already swelled to a torrent, with some 800,000 barrels pouring into the U.K. each day from offshore producing fields. North Sea oil now provides about half the nation's requirements; North Sea gas is meeting 99 percent of current consumption.

By the end of this decade, Britain will be self-sufficient in oil, with an estimated daily production rate of 2 million barrels. Indeed, almost incredibly, the country is already on the way to becoming a factor in the world crude oil supply market.

Mobil is proud of its role in helping Britain achieve the remarkable transformation from an oil-importing to an oil-producing nation. Oil from our Beryl discovery is now providing nearly five per cent of the country's requirements. Other fields being evaluated by Mobil and its partners are expected to add to that contribution. And, of course, the search for new fields continues.

The impact of North Sea oil has profoundly affected every segment of the nation's economy. Thanks to North Sea oil, the value of British exports now exceeds the costs of goods purchased overseas, by a healthy margin. An estimated £5,000 million in taxes and royalties will flow into the Exchequer between 1977 and 1980. And by the middle of the next decade, North Sea operators will be paying some £3,500 million annually in taxes and royalties.

New industries have sprung up to provide the material and services needed to support

North Sea activities. "It is our policy to give 'full and fair opportunity' to British firms," says Mobil financial controller Bill Wende. "Over two-thirds of our material and contract service needs are provided from U.K. sources."

The services are many and varied: helicopters, which average 15 flights a week ferrying personnel and equipment between Aberdeen and the Beryl platform and offshore drilling rigs. Supply boats, to carry the estimated 3,600 tons of equipment needed for every North Sea well drilled—everything from diesel fuel to drill pipe to fresh vegetables. Caterers, to prepare and serve 900 meals a day for Beryl platform personnel.

Then, too, there are the workers themselves—who benefit directly from the jobs which North Sea oil has brought. Some 10,000 are currently employed by the industry in offshore exploration and producing activities. Several thousand more serve on pipelaying barges, crane barges and supply boats.

Over 90 per cent of those who work for Mobil in the North Sea are British. To most, oil producing was unfamiliar ground before they joined the company. Through experience and specialised training programmes, they have acquired valuable new skills.

Of course, the costs represented by all of the supplies, services, material and people involved in developing the North Sea's abundant oil and gas resources are enormous. Between 1965 and 1976 oil companies invested some £5,000 million in North Sea oil and gas developments (with perhaps as much again to be spent up to 1980), not counting the millions spent to drill unsuccessful exploration wells.

These costs, however, together with the high risks involved, should be justified by the promise the North Sea holds for making Britain self-sufficient in oil. By year's end, eight separate fields should be producing almost 1 million barrels of oil a day. These fields, together with a similar number likely to be developed, give promise of an additional 1 million daily barrels by 1980.

Long before the world's first well was drilled, American Indians used the black, sticky stuff that seeped out of the ground, for medicinal purposes. They called it 'rock oil.' Today, geologists are frequently referred to as 'rock hounds.' And our success in finding and producing oil—which we've described during the last seven weeks—depends on the presence of various rock types and formations.

So we don't think it inappropriate to describe ourselves as a 'rock group'—one which is aiming for the top of the charts!

Mobil

No. 7 in a series on North Sea operations.
For the complete set, write to: Manager, Public Affairs, Mobil North Sea Limited,
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PARLIAMENT and POLITICS

MPs THROW OUT SCOTLAND BILL CLAUSE

Tory fears on U.K. unity upheld by vote, Pym claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night took a bad tumble over its proposals for Scottish devolution when, by a majority of 15, the Commons threw out the first clause in the Scotland Bill.

This is the clause which puts on record the Government's firm view that the legislation will have no effect on the unity of the United Kingdom or the supreme authority of Parliament.

The defeat was all the more surprising as it came after a quiet debate which had ended with the Government easily brushing aside a Conservative attempt to amend the clause.

The sudden reversal of fortunes resulted from the Liberals and the Scottish Nationalist deciding to vote against the Government and reject the clause.

There was a Conservative chorus of "Resign, resign" and a noisy waving of Order Papers as the defeat was announced from the Opposition front bench. Mrs. Margaret Thatcher, the Conservative leader, gave a jubilant thumbs up sign.

The defeat came on the first day of the committee stage of the controversial Bill—a nod which was announced 16 days of debate still to come in the Commons.

Mr. Francis Pym, Opposition spokesman on devolution, immediately leapt to the Dispatch Box to hail the vote as a major reversal in the Government and for the Bill.

He demanded the presence of Mr. Michael Foot, Leader of the House.

According to Mr. Pym, the main point was that the Government had insisted on the Bill to back up its claim that Scottish devolution would not affect the sovereignty of Parliament or the unity of the U.K. But, by throwing it out, the House of Commons was saying that it decisively rejected the Government view.

There were Tory jeers a few minutes later as Mr. Foot rushed into the House to put up a hurried defence of the Government's position.

"The proper course is to calm down," he told MPs. "This is not the end of the world. It is certainly not the end of the Bill."

He urged the House in continuing discussion on the legislation and promised that the Government would take the hostile vote into account on report stage later.

But Mr. Pym determined to vent the Tory victory to the full, declared: "You can't just brush off a decision of this magnitude."

MPs, he said, had delivered an overwhelming verdict and the House had a right to know where it stood. The Government had always maintained that the clause was a sensible part of the legislation and that it meant the Bill would not affect the unity of the U.K.

"We have said that this is not true," Mr. Pym declared. "We have been upheld in that view by the vote tonight."

The Liberal leader, Mr. David Steel, said that there should not be these "artificial hysterics" every time a clause in the Bill was defeated. It had been made quite clear that the clause made no statutory difference but the Liberals had felt the Bill was better off without it.

Earlier, Mr. John Smith, Minister of State in charge of the legislation, had described it as a declaratory clause which, by implication, excluded federalism and separatism. The concept was that the Government was not devolving sovereignty but was devolving powers.

The debate had started quietly enough with the Tories putting forward an amendment to write in a guarantee that the Bill could not affect sovereignty or unity. This was rejected by a majority of 28 (206-178).

Then came the sudden shock for the Government when a motion that the clause itself should be part of the Bill was rejected by a majority of 15 (199-184).

Opening the debate Mr. Pym had fiercely attacked the clause, claiming that it was incorrect and misleading.

The strength of hostility towards the measure immediately became apparent as MPs on both

sides of the House joined in the attack. Mr. Tam Dalyell (Lab., West Lothian) a leading anti-devolutionist, said that the Tories were proposing a "fudge amendment" but he agreed that the clause itself was a fundamental lie.

Another opponent of the Bill, Mr. Enoch Powell (Ulster Unionist, South Down), said that Clause 1 was "not merely a lie, but a most dangerous lie."

Opening from the Tory front bench Mr. Pym said that the Conservatives did not accept the clause now any more than they did last January when the first version of the Bill came before the House.

Under the Bill, Scotland would become a sort of quasi-federal part of the U.K. which was itself a unitary state. Parliament would not be able to avoid the difficulties that would arise from 71 Scottish MPs at Westminster being able to raise on all matters affecting the U.K. while their English colleagues would not be able to have a say on everything affecting Scotland.

This, said Mr. Pym, remained the central anxiety in the whole Bill.

"The result will be that this House will become a battleground for a new set of issues relating to the constituent parts of the U.K. It is going to give rise to rivalries and jealousies. We are already conscious of mounting tensions of this kind in this House."

The ill-will was encouraged, he said, by the Government's refusal to agree to the Tory request for an all-party conference on devolution. In fact, Mr. Pym alleged, the top priority of the Government was to save Labour seats in Scotland.

Callaghan lectures on simple equations

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN'S financial restraint afforded little political percentage to the Conservatives in the Commons yesterday.

Mrs. Margaret Thatcher, freighting with the freemen under the 10 per cent. goldline, demanded to know whether it was a maximum figure.

Like Mr. Thatcher, the Prime Minister lectured the Tory leader on the simple equation of financial — and political — success.

Ten per cent was the increase in national earnings that would lead to the Government being able to sustain single figure inflation during the greater part of 1978, he said.

The rate of inflation in the past 12 months had been running at 3.4 per cent, he added. But the future level would depend to some extent on wage settlements.

So 10 per cent was not a maximum. Mrs. Thatcher responded eagerly. The freemen would be free to negotiate more within the cash limits.

Mr. Callaghan's short answer to that was "no" and Labour MPs jeered the Tory leader at length as she claimed to find a contradiction in his replies.

The statements would be repeated in the House, Mrs. Thatcher said, and she found it difficult to reconcile Mrs. Thatcher's attitude with that of Conservatives and private industry who had been pressing for pay restraint to the public sector.

It was the Government's policy to hold the earnings increase in the public sector within 10 per cent, he said. Mr. Callaghan declared.

But the Government had given the equivalent of a 6.5 per cent increase in gross pay in addition through tax cuts this year, he added.

Mr. Callaghan reinforced this display of financial probity with a stern word about the problems caused by speculators and their "foot-loose money."

And he riskily bristled with indignation at further Tory suggestions that he might act like a spendthrift with North Sea oil revenues.

Mr. Tim Renton (C., Mid-Sussex) asked the Prime Minister to give a guarantee to the "National" Economic Development that the money would not be squandered in a further programme of Labour Government extravaganzas.

"No, I shall not need to give such an assurance because they would not dream of asking such a stupid question," Mr. Callaghan said.

Talks had begun now the nit-references would be used, Mr. Callaghan said, and immediately faced a demand from Mr. Norman Buchan (Lab., Westbury) that the Prime Minister should be excluded from the discussion.

The money should be used to regenerate industry, said Mr. Buchan, and not for the overseas investment which the Treasury favoured.

He also asked the Treasury to consider knowledge and information. Mr. Callaghan smiled. It should not be assumed that the Treasury was doing more than attempt to find the right solution to the unresolvable problem of sharing out a lot of money, he said.

Mr. Callaghan agreed that the regeneration of industry would be the prime target. But, he added, there were other ideas in the air, such as the idea of reorganising the public sector.

It was also evident to inspect a little earlier in the house of electoral returns, he indicated. The Government had been told that the reorganisation of industry would be the prime target. But, he added, there were other ideas in the air, such as the idea of reorganising the public sector.

Rupert Cornwell finds only one problem for the Conservative campaign in the Bournemouth East by-election Enticing out the Tory vote

TOMORROW the inhabitants of Bournemouth East will briefly stir themselves from their cosy winter hibernation and send a new Conservative in to the House of Commons. Some will be aware that his name is David Atkinson; rather fewer, one suspects, that the result might give another shove to the wobbly Lib-Lab pact; and barely a handful that the Labour candidate of the two 1974 elections is actively campaigning in support of the Liberals.

Three points of interest then — but the visitor has to strain to notice that anything is afoot at all. The town goes only on about its unexciting business. Its senior citizens' army is safely tucked up from the cold in retirement flats and old people's homes, possibly having read with horror the other day that punk rockers had inflicted £700 of damage to a cinema after a pop concert.

A few off-season business conventions give the plush hotels something to do, but it might be another planet from the one where the former MP, Mr. John Cordle, was helped, tearful and disgraced, from the Commons when he resigned last July.

It is this exercise in collective inertia which will be poked and prodded by the pundits from which they will reach their weighty conclusions about local voting and the like, and point the morals for Messrs. Callaghan and Steel. The National Front is in the lists, too, but even the troublesome body seems respectful of Bournemouth's gentle and sleepy self.



MR. DAVID ATKINSON A vigorous candidate.

Mr. Atkinson, a former secretary of the local football club, is a vigorous candidate. He has had little success in implementing his ideas in the past. He has moved on and late afternoon silence descended once more.

Have all, though, the country will be watching what happens to the Liberals, who ran a decent second time in 1974, but who need an encouraging result this time to retain faith in themselves as well as the fact. Mr. Don Streat, their candidate, is the dilemma, desperately believing that the Parliamentary agreement is right for the Liberals, the "right" and "probable" way of the message of moderation that is being sent across — above all, that his party has succeeded in blunting Socialist extremism.

A lecturer, he has lived in the town for 29 years and has a profound grasp of both national and local issues. A central theme of his speech is the need to improve leadership, communication, and the quality of the political process. He is particularly concerned about the quality of the political process, and the need to improve leadership, communication, and the quality of the political process.

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Mackintosh calls for list system of PR voting

When the House debated the possibility of introducing proportional representation for elections in the proposed Scottish Assembly, Mr. John Mackintosh (Lab., Berwick and East Lothian) advocated the use of the list system.

Under this method, he explained, each elector would have two votes, one for a constituency candidate and one for a candidate on a party list.

This, he argued, would make matters fair in Scotland where three major parties were running neck and neck followed by two minor parties.

Under the traditional first-past-the-post system, a party with 35 or 36 per cent of the vote would get about 57 per cent of the seats and would then be able to govern Scotland for four years. The list system would mean that any Government must have at least 50 per cent of the votes cast.

Mr. Mackintosh said the list system would allow the election of members who had on specific territorial bases but who had little standing or reputation. This method might not be the pure milk of one particular party but it would at least have the support of the community.

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Treasury claims happy working relations with Foreign Office

BY REGINALD DALE

A GLOWING picture of co-operation between Whitehall's two traditional arch-enemies — the Treasury and the Foreign Office — was presented to Members of the Civil Service yesterday.

The House of Commons Defence and External Affairs sub-committee, inquiring into the Think Tank's controversial report on Britain's overseas representation, was told that the Treasury had few complaints about the Foreign Office's economic reporting from abroad, was happy to take in Foreign Office personnel for training and thought the Foreign Office had properly controlled its own cost effectiveness.

The Think Tank, which proposed the absorption of the Diplomatic Service into a new multi-departmental Foreign Service Group, also suggested that other departments' reports of Foreign Office economic reports of little value.

Yesterday, it was the turn of the Treasury and the Department of Trade to take their stance before the Select Committee, following the high-powered Foreign Office team which opened the Whitehall balling order last week.

Mr. E. R. Barratt, the Treasury's Deputy Secretary for Overseas Finance, told Members that his department and the Foreign Office had a very close working relationship. He was personally most impressed by the way co-operation, both formal and informal, had developed over the

past 20 years, particularly in the external economic and financial relations of the United Kingdom. He said that the Treasury and the Foreign Office had a very close working relationship. He was personally most impressed by the way co-operation, both formal and informal, had developed over the

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Parties expected to go ahead with Ulster assembly talks

BY GILES MERRITT

THE FOUR major Northern Ireland political parties involved in negotiations with the British Government on administrative devolution are now expected to press ahead with detailed talks that could lead to an agreement on a 28-seat Ulster Assembly in the New Year.

Following talks that Northern Ireland Secretary, Mr. Roy Mason, has had this week with the leadership of the mainly Catholic Social Democratic and Labour Party, the Rev. Ian Paisley's Democratic Unionist Party and the non-sectarian Alliance Party, it appears that all three will shortly confirm

that they will take part in detailed discussions on administrative devolution. Ulster's largest party, the Official Unionists, indicated last month that it may be prepared to support a non-legislative form of devolution.

Although Mr. Mason's officials at Stormont Castle are refusing to comment on the latest talks, it is thought that the Government believes it has overcome the first hurdle in its initiative by gaining acceptance of the principle of administrative devolution that would be an interim step towards some form of Stormont Government.

The details of this quasi-devolution have yet to be hammered out. The first step will be talks between officials and party politicians, followed by inter-party talks early next year.

The Government is carefully avoiding putting forward a plan at this stage, but it is clear that its proposals will be drawn from a Northern Ireland Assembly would participate in the running of such non-contentious areas as health, housing and industry.

Three Mr. Mason receives the political parties' formal acceptance of new talks, he is to write in them regarding the principles of administrative devolution. At the same time, Northern Ireland Ulster civil servants will begin to work out a rough timetable for further talks.

Tory MPs tried to deter Smith over deal-PM

BY IVOR OWEN, PARLIAMENTARY STAFF

IN THE LURBNE of recent visits to Salisbury, some Tory MPs had disconcerted Mr. Ian Smith from reaching a sensible agreement on the future of Rhodesia, the Prime Minister allowed in the Commons yesterday.

He made the charge after Mr. Michael Bratherton (C., South) accused the Government of "subsidising murder and terrorism" through aid to the Marxist Government of Mozambique which has bought and hoarded turn-of-arms, who made raids across the border into Rhodesia.

Mr. Callaghan replied that Mr. Bratherton was totally isolated from opinion in the United States, the Commonwealth and the United Nations. The basis on which aid was provided for countries such as Mozambique had been supported by Mr. John Davies, shadow Foreign Secretary.

He added that Mr. Bratherton would be better employed in trying to see the poverty which existed in such areas than in giving encouragement and aid in the regime in Rhodesia.

The Prime Minister agreed with Mr. Phillip Whitehead (Lab., Derby N.) that the provision of economic aid for Mozambique made it less likely

that it would become militarily dependent on the Soviet bloc. Mr. Epping Forest) condemned the Government's "double standards" in seeking to secure the establishment of majority rule in Rhodesia with help from the regime in Mozambique for which there had been no vote.

Mr. Callaghan retorted that the fact that there had not been a vote in Mozambique should not detract from the support which President Machel and the other front-line Presidents had given to the policy that there should be an election in Rhodesia before independence.

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European powers assurance

By Ivor Owen

BRITAIN'S determination to support any move to give the European Assembly greater powers was reaffirmed by the Prime Minister in the Commons yesterday.

In question time exchanges, Mr. Callaghan pointed out that legislation would be required to give the assembly a greater authoritative role. He insisted that the Government had no intention of introducing such legislation.

Mr. Douglas Jay (Lab., Rotherham N.) a leading anti-marketeer on the Government benches, pressed for the early introduction of substantive proposals to achieve the reforms in the EEC outlined by the Prime Minister in his letter to the Labour Party's national executive in October.

Mr. Callaghan replied that the letter had been designed to promote public discussion — which it had done — and to indicate the Government's long term view.

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Peer warns on doorstep selling directive

A COMMON MARKET draft directive aimed at protecting householders from high-pressure salesmen was a step towards curbing all forms of doorstep selling, Lord Raglan (Lab.) warned yesterday.

Lord Raglan, chairman of the committee which scrutinises EEC legislation, said the Lords "should be strenuously resisted. We would prefer the banning of doorstep selling in view of the history and popularity of such selling in this country."

Government spokesman, Lord Oram, principal peers that Ministers had an intention of allowing what had proved to be a valuable service to consumers to be curtailed.

"We must be on our guard against measures which purport to protect the consumer but in fact merely restrict competition," he said.

Lord Raglan said that the proposed directive encompassed credit transactions, insurance sales, the buying of perishable foods, mobile shops, professional transactions, and mail order trading by agents, all of which the committee thought should be exempted.

He said: "We question whether this rather special area of commercial life is a proper one for Community regulation."

Skateboards profit protest

PROFIT MARGINS on the sale of skate boards were among the biggest rip-offs in sporting history, Mr. Bruce George, Labour MP for Walsall South, claimed yesterday.

Trade, said the total cost of the security measures is expected to be about £15m. In 1977-78 and approaching £18m. In 1978-79.

The levy will be imposed on 28 L.E. airport authorities whose traffic was about 50,000 passengers each last year.

Government to send councils breakdown of rates support

BY DAVID CHURCHILL

THE DEPARTMENT of the Environment is to notify local authorities in England and Wales of the possible effect in rural areas.

He suggested that a "substantial all round increase in both the grant and cash limits would have been beneficial to all."

He warned that the "continued squeeze on local authorities will mean a further period of stagnation in local authorities' services and employment."

But the grant's distribution received a favourable response yesterday from Sir Lou Sherman, chairman of the London Boroughs Association. "At last the Government has recognised that it is quite unfair for Londoners to face higher increases in their rate bills every year than ratepayers elsewhere."

Sir Lou suggested that there was still, however, room for improvement. "As long as some of London's needs grant is being clawed away, ratepayers in London are subsidising betting shops in Tunbridge Wells, kebab parlours in Margate and country mansions in the rural areas."

Disability cash by post plea

DISABLED PEOPLE often have to spend half or more of their mobility allowances in travelling to and from Post Offices to collect the payments, Mr. Alexander Fletcher (C., Edinburgh N.) said in the Commons yesterday.

He appealed to Mr. Alfred Morris, the Minister for the Disabled, to consider paying the allowance by post.

Mr. Morris said this might be done after the mobility scheme was fully in use. He was always prepared to look at an individual's circumstances but there were administrative problems.

Petrol duty to count in litres

By Roy Doffey

EXCISE DUTY on petrol and other fuels is to be charged in litres from January 1. The Customs and Excise Department said that motorists would still be able to buy petrol by the gallon.

The majority of oil companies adopted metric measurements for their wholesale transactions some time ago, a spokesman said.

A Treasury Order proposing metrication of excise duties was said to have been drafted with normal industry practice.

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LABOUR NEWS

Bullock White Paper delayed to New Year

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S planned White Paper on industrial democracy is now almost certain not to appear before Christmas...

Resent

The TUC will complain in ministers if the White Paper does not appear fairly quickly after Christmas...

Grunwick's director bodyguards

MIR. GEORGE WARD, of Grunwick, said yesterday that two directors acted as bodyguards when he told an angry 6 foot 2 inch employee to come to his office.

Mr. Ward told a London industrial tribunal that 34-year-old Mr. Rasheed Mohamed had worked himself into a passion when police arrested four Asian pickets at the strike-torn film processing factory...

Vauxhall recalls laid-off workforce

BY NICK GARNETT AND ARTHUR SMITH

Vauxhall Motors yesterday started recalling its 21,000 hourly-paid workforce laid off as a result of a pay dispute which lasted more than a month.

'Substantial' rises sought by airport ground staff

BY OUR LABOUR STAFF

A CLAIM for "substantial" pay rises and a 35-hour week was submitted yesterday for 3,000 local authority airport ground staff.

Incentive pay move for electricians

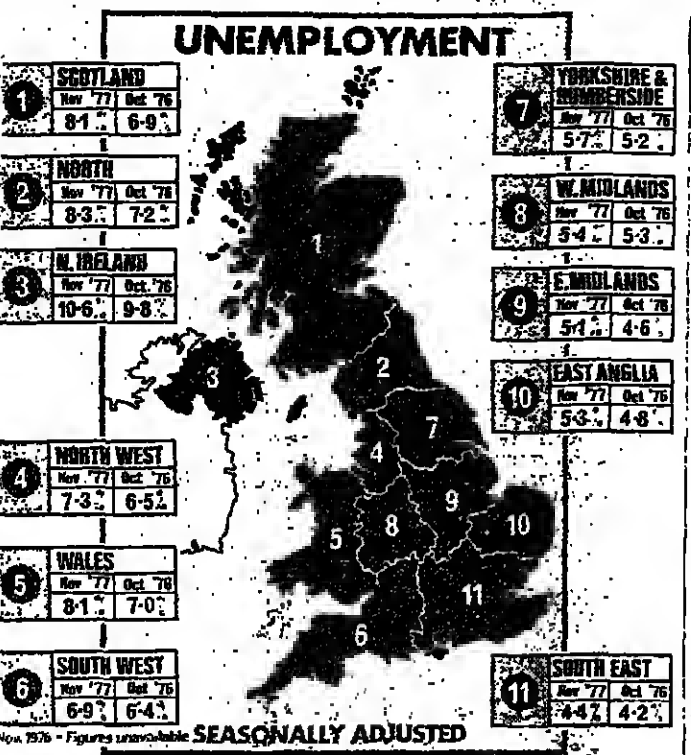
BY OUR LABOUR EDITOR

INCENTIVE PAYMENTS would be added to wages of electrical contractors' employees under a proposed deal now being vetted by the Department of Employment.

Levy call over NUJ dispute

BY OUR LABOUR CORRESPONDENT

THE NATIONAL Union of Journalists should be ready to levy the whole membership and mortgage its headquarters if necessary to win the closed-shop dispute at North of England Newspapers, Darlington.



REGIONAL DIFFERENCES in unemployment continued to widen last month. The number of adults out of work fell in the South of England and the Midlands.

Left-wingers block more CPSA reforms

LEFT-WINGERS in the Civil Service Association's rules revision conference blocked all the union's important reforms.

NEWS ANALYSIS—THE MIRROR DISPUTE Pay pitfalls for Fleet Street

UNSETTLING effects of a pay policy and the introduction of new technology in Fleet Street are factors in the dispute which has this week led to publication of the Daily Mirror in London.

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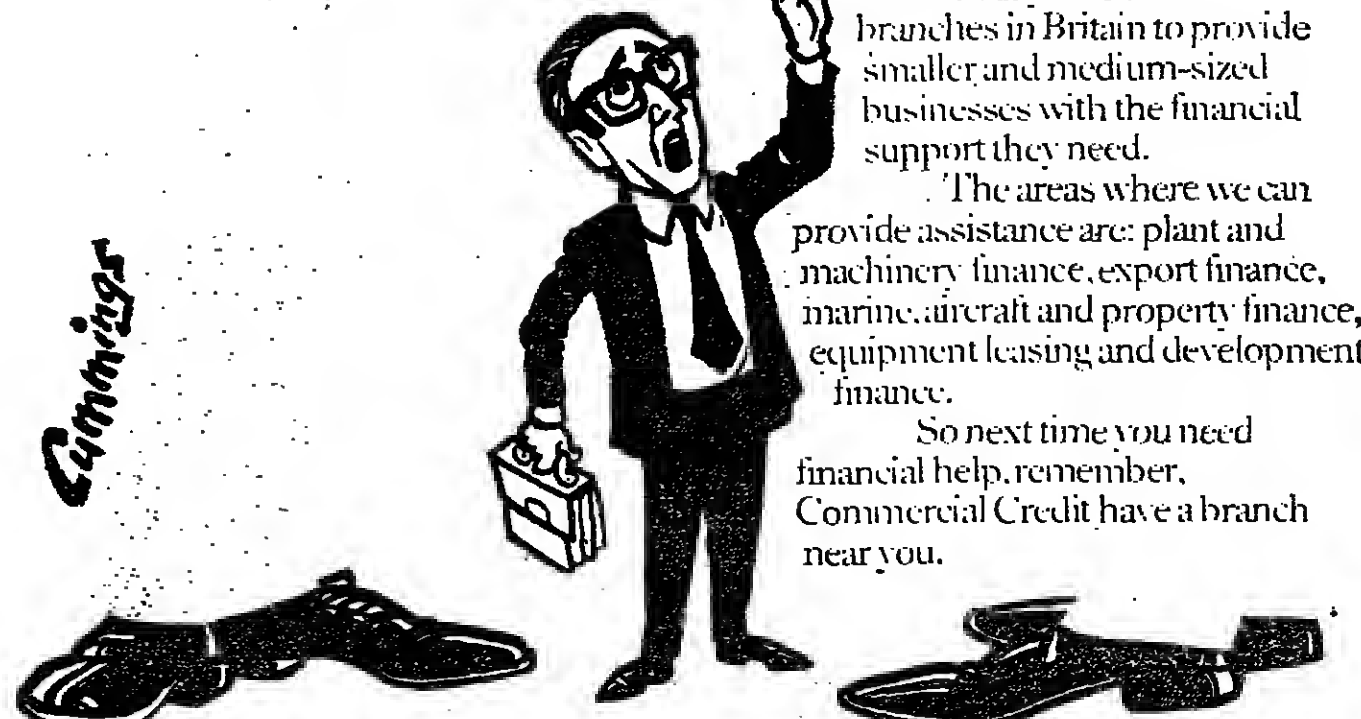


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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Speeds production of mirrors

NEW SILVERING facilities at the Binley plant of Glass Coventry have trebled the latter's capacity for the manufacture of mirrored glass and given it an installation which can compare with anything installed elsewhere, the company believes.

Since some 40 per cent of production is going for export, mainly to Europe and the Scandinavian countries, the development is of considerable importance to the company, which expects next year to raise overseas sales to around £1m. The kernel of the development is a new £100,000 silvering conveyor some 90 metres long and designed and supplied by Eugene Klopfer of Dortmund. This is capable of handling float glass sheets up to 4,000mm by 2,600mm at a rate of 800 square metres an hour, in thicknesses of 2 to 6 mm. Surface treatments to glass such as screen printing can also be silvered and the line will cope with the thinner 2mm sheet mirrors used in automotive and fancy goods industries.

After loading and unloading, the whole process is automatic starting with the cleaning of stock sheets by rotating synthetic fibre brushes using water and ceriourine. Conveyed to the deposition station, the sheets get a layer of silver nitrate, followed by one of copper sulphate, sprayed evenly over the whole surface, as the sheets pass at speeds up to 6 metres per minute. Control of depositing is from two consoles which regulate the movement of spray jets and their pump units.

The installation of the equipment has required a complete reorganisation of the production floor. More from Glas Coventry, Herald Way, Binley, Coventry CV3 2ND, 0263 458021.

● INSTRUMENTS

Monitors the bilge

ITALCANTIERI of Trieste has placed a major order for the Babcock Controls engine-room bilge monitor, which enables ship operators to ensure compliance with IMCO Resolution MEPC VI/17 concerning oil discharges to the sea.

Worth over £90,000, the instruments are for delivery during 1977 and early 1978. The bilge monitor is a development of the company's tanker debalancing monitor, of which more than 500 are in service.

The instruments ordered by Italcantieri are for various new build ships including six M/V bulk carriers of 81,000 dwt, all for Italian owners; two M/V vessels of 43,700 dwt, one of which is for Petrolina Mexicanos; several M/V ferries of 3,250 dwt for Tirrenia SpA; and three 16,400 dwt container ships for Italia SpA.

Confirmation of the order was preceded by rigorous testing by RINA, to confirm acceptability under regulations issued by the MIM—Italy's equivalent of the British Department of Trade. The Babcock equipment employs an ultraviolet fluorescence measurement system, providing continuous and instantaneous monitoring at a cost competitive with solvent extraction, IR measurement systems. The monitor is non-sensitive to particulate matter, and is not liable to error caused by sand, rust and other contaminants.

Babcock Controls, 218 Purley Way, Croydon CR9 4HE, 01-686 0300.

Checks hot water costs

WATER heating energy consumed by each individual accounting unit within an industrial complex can be monitored to within better than 2 per cent, with equipment built by Gervase Instruments.

It will be particularly useful where companies are selling hot water services to adjacent or associated organisations, simplifying sales accounting in a very great degree.

Based on a proven design of flowmeter, the equipment includes temperature sensors, logic circuits and recording and read-out instrumentation. There is a great deal of flexibility in the concept so that wide varying customer requirements can be met.

Gervase operates from Britannia Works, Cranleigh, Surrey, GU6 5ND, 04866 5366.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its current broadcasts.

First of the production line and undergoing final tests is this static uninterruptible power supply unit that Chloride Transpack is providing for the trans-Siberian natural gas pipeline as one of six under a contract worth \$3m. These 14-kVA units will be set up in unmanned pumping stations along the line, each including two inverters with a 110-V battery and charger device. In normal use, the control and safety instrumentation in the pumping station will draw power from the inverter, fed from the mains. This protects the instruments from voltage spikes, or frequency transients. If the mains fail completely, switching to the batteries is automatic and the load is maintained for up to two hours. Transpack engineers will commission the equipment on site in the USSR. More from the company on 01-460 9861.

With high strength characteristics, approximately equal to the in-tramatic sheet, the new shell is about 25 per cent cheaper. Initially it will be available in clear, natural, green and amber transparent. Sheets sizes are 72, 75, 78 and 86 inches long by 48 inches wide, in thicknesses from 0.5 to 6mm. The clear version provides 55 per cent light transmission.

Suggested applications include glazing for high hazard areas, where it will resist attack by vandals, as well as accidental damage. Since it can be fabricated and thermoformed using conventional techniques, it can also be used to make lamp covers for isolated areas, for illuminated signs, and to protect interior lighting where the risk of damage is high. Another application is for machine guards.

ICI says that the impact strength of Pacion is so high that existing standard test methods provide no meaningful comparison with other materials, although Charpy tests, the company's own testing methods it has been shown to have 20 times the impact strength of 32-ounce window glass.

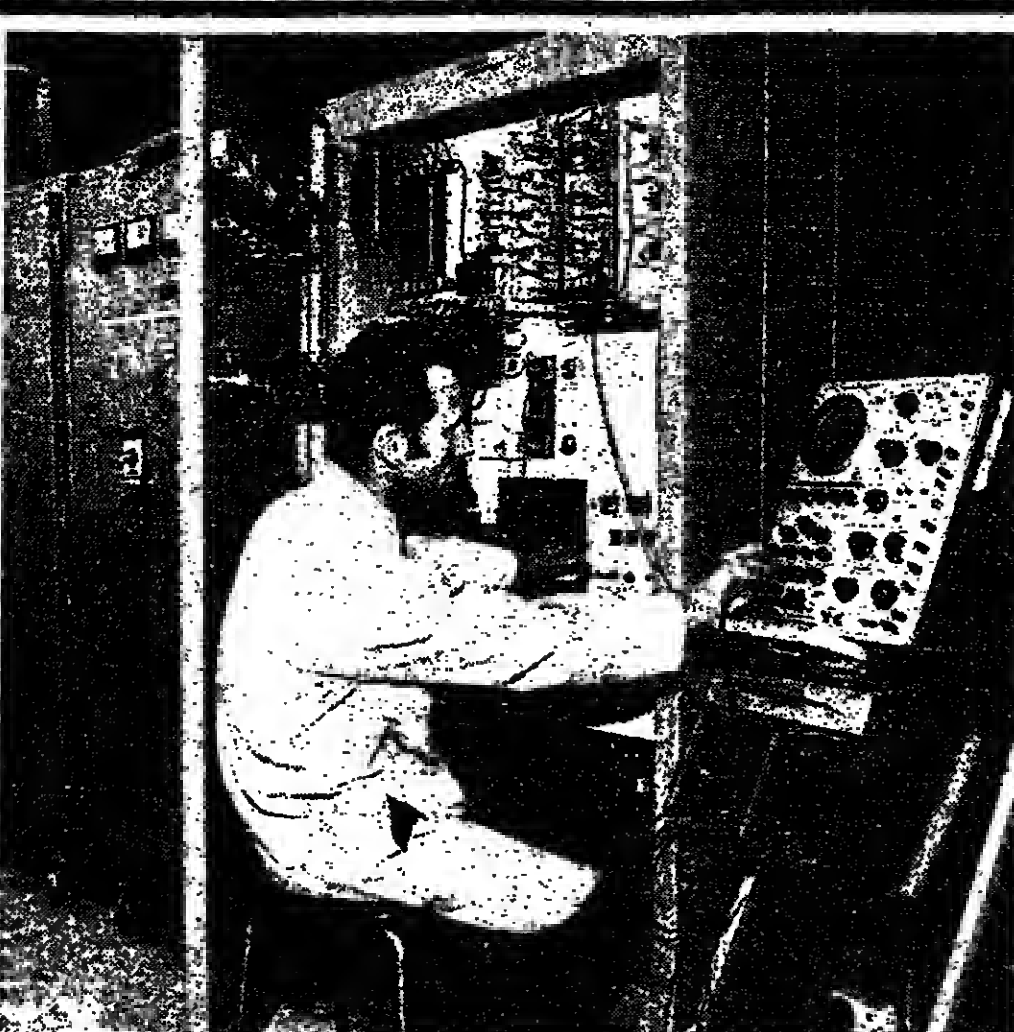
The material reaches a high standard of safety in fire tests. When tested according to BS 2782 Method 508A the flame does not reach the first mark, and there is no flaming or after-glow five seconds after the flame is removed, according to the maker.

Details from ICI Hydro Group, PO Box 15 Hyde, Cheshire SK14 4EJ 1061268 4000.

Marketing in the UK is by John Turley, Ripon Road, Harrogate, North Yorks, HG1 2RU 10423 615111, which has plans to build the burners in this country.

Pulverised coal units HIGH CAPACITY pulverised coal burners for power plants and large industrial boilers from Peabody Holmes provide outputs from 30 to 170m Btu/hr. The equipment has a coal screw—the chamber in which pulverised coal and air are intimately mixed—which can be lined with basalt instead of steel. The maker says basalt hardens in a ceramic-like finish, with much improved wear resistance compared with steel.

The burners can be operated over a range of primary air quantity and pressure—varying from 10 per cent primary air for a bin feed system to 40 per cent, with direct fired units. Combined coal and oil firing can be used. Details from Peabody Holmes, Market Street, Huddersfield, HD1 2RU (0484 40347).



WHERE MOBILITY is essential and performance in the removal of the roughest or most difficult materials must equal that of static equipment, a mobile electro-discharge unit for spark-erosion operations is being made available. Its makers believe it offers the most economical method of shaping hardened tool steels, carbides and other exotic alloys which are extremely difficult to machine by other methods, at least for high precision results are to be achieved. The equipment consists of a discharge assembly, electrode power supply, control unit and Chalford Industrial Estate, dielctric tank in a compact cabinet in the mobile version. A 2575.

● COMPUTING

More from Extel

HAVING clocked up sales of over 50 DIC systems since the equipment was introduced last year, Extel's engineering division has announced a more powerful version of the DIC Microfile microcomputer to accommodate four terminals.

Divisional general manager Rex Nelson believes that the latest model, which sells for £1,500 (plus £100 software fee) offers small business system users many of the facilities of a minicomputer but at much lower cost. The four terminal ports are available with RS232C interface and can be independently selected for speed, parity and function. Made by Data Terminal Corporation in the U.S., Microfile is based on an Intel 8080A microprocessor and has two or four flexible disc drives. Business software packages for sales ledger and stock control systems, inter alia, are available.

Main market thrust through nine distributors (all with software ability), will be at companies currently using older visible record machines who now need to replace. According to Nelson, Microfile will often provide a more flexible and less expensive solution for a modest sized organisation. Payroll for example, can be added, and the company will soon be announcing appropriate software.

A number of other hardware items have also been launched this week including a table-top matrix printer with a built-in 4k or 8k memory that offers comprehensive data preparation and editing facilities. Known as the 8318-SW, it operates in ASCII mode at 30 characters/sec, and offers "the same degree of information-handling ability as that found in many CRT units."

There is also a new version of the M30/RO receive-only matrix printer which has a sprocket feed system designed to ensure accurate registration when printing on labels, forms or pre-printed stationery. This 30 cps unit can handle roll or fan-folded paper or business forms. More on 01-739 2941.

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The burners can be operated over a range of primary air quantity and pressure—varying from 10 per cent primary air for a bin feed system to 40 per cent, with direct fired units. Combined coal and oil firing can be used. Details from Peabody Holmes, Market Street, Huddersfield, HD1 2RU (0484 40347).

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DURING automatic production of cans on interlinked machines the can bodies from the body-maker are flanged at both ends in an automatic unit so that the bottoms can be inserted in a further operation and the cans closed with a lid after they have been filled.

Up to now machines were built with predominantly horizontally operating tools. The can bodies came out of the body-maker in a horizontal position, were conveyed upright by a magnetic elevator in a height of 2 to 3 m, slid downwards in a turn-over basket and proceeded in a horizontal position through the flanger.

In a development by Krupp, a new flanger operates on a much simpler basis. In contrast to the previous method the can bodies are only turned after leaving the body-maker and are fed upright into the flanger on one level. Circular cans with a maximum diameter of 189 mm can also be handled. Fried. Krupp GmbH, Postfach 10, 4300 Essen, German Federal Republic.

Shaping tough materials

WHERE MOBILITY is essential and performance in the removal of the roughest or most difficult materials must equal that of static equipment, a mobile electro-discharge unit for spark-erosion operations is being made available. Its makers believe it offers the most economical method of shaping hardened tool steels, carbides and other exotic alloys which are extremely difficult to machine by other methods, at least for high precision results are to be achieved.

The equipment consists of a discharge assembly, electrode power supply, control unit and Chalford Industrial Estate, dielctric tank in a compact cabinet in the mobile version. A 2575.

With high strength characteristics, approximately equal to the in-tramatic sheet, the new shell is about 25 per cent cheaper. Initially it will be available in clear, natural, green and amber transparent. Sheets sizes are 72, 75, 78 and 86 inches long by 48 inches wide, in thicknesses from 0.5 to 6mm. The clear version provides 55 per cent light transmission.

Suggested applications include glazing for high hazard areas, where it will resist attack by vandals, as well as accidental damage. Since it can be fabricated and thermoformed using conventional techniques, it can also be used to make lamp covers for isolated areas, for illuminated signs, and to protect interior lighting where the risk of damage is high. Another application is for machine guards.

ICI says that the impact strength of Pacion is so high that existing standard test methods provide no meaningful comparison with other materials, although Charpy tests, the company's own testing methods it has been shown to have 20 times the impact strength of 32-ounce window glass.

The material reaches a high standard of safety in fire tests. When tested according to BS 2782 Method 508A the flame does not reach the first mark, and there is no flaming or after-glow five seconds after the flame is removed, according to the maker.

Details from ICI Hydro Group, PO Box 15 Hyde, Cheshire SK14 4EJ 1061268 4000.

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ASSEMBLY

Reshaping a screw

WITH AN eye on the fact that the Pozidriv recessed screw patent runs-out next year, GKN Fasteners has been developing the screw's successor, to be known as a Supadriv, which is a new type of head.

Some 400,000 screws are used in the U.K. alone each year as the major supplier GKN is at pains to emphasise that no new driver heads will be needed and that the price of the new screws will be the same as the old. The new recess will be used in wood, self-tapping and machine screws, and sales will start in January 3 next year. Most of GKN's licensed manufacturers at home and abroad have undertaken to make the new product.

The Supadriv recess is similar to Pozidriv but is shallower and the ends of the four wings make a smaller angle with the vertical—20 instead of 26 deg.

The result is that even at screwdriver angles up to eight degrees with the screw axis the driver head is not likely to ride out of the recess causing damage in recess, driver, tool, the work-piece, or all three.

The Pozidriv idea of a snug fit of driver into recess has been abandoned—GKN admits that it only occurs under ideal conditions, which vanish if paint for example, gets into the recess. Surprisingly, drive-in the recess is very positive, in spite of a sloper. Advantages are evident—faster assembly, better productivity and reduced costs. More on 021 596 2141.

SECURITY

Engraving metal

USING A small electric arc, penkils develop an engraved metal object to apply numbers, identification or security codes, etc.

Operating at only 7v, from mains transformer, the pen has point which can be adjusted to shallow or deep, thick or thin marks.

Called the Actmap, it is made by Ketton Trade Company, High Street, Ketton, Stamford Lines, (0780 720249).

QUALITY CONTROL

Tells when watch may fail

SWISS watch manufacturers are using a newly developed computer-operated device which accelerates the ageing of both electronic and mechanical watches by three to five times, thus enabling timepieces to be exhaustively tested and proved before new designs reach the consumer.

The device, the "Chronofiable" is the first of its type and is a major development in assuring the quality of watches from an industry which is under massive competitive pressure.

Two Chronofiables are already in use at Biemme, Switzerland, each machine with a capacity for testing 240 watches simultaneously.

The machine operates automatically and exposes watches to realistic conditions of mechanical stress, linear and angular accelerations, temperature and climatic extremes.

General Corporation of Swiss Horological Industries (ASUAG), Faubourg du Lac 6, CH-2501, Biemme, Switzerland.

ENERGY

Learning about sun-power

MORE THAN 100 Seattle architects building design and construction rather than by the addition of pumps, collectors, and other special hardware.

Lectures covered solar potential of a Department of Energy-funded technology transfer programme to make solar information available to the public.

More from Battelle's Pacific Northwest Laboratories, Battelle Workshop was held on passive solar systems—those created by U.S.

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Business names often in Cwmbran

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Carruthers MONOBOX cranes lift loads in virtually every country of the world.

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Probably the most important factor behind Carruthers' success story is the outstanding design. The award-winning MONOBOX, a single welded box girder structure, is outstandingly effective and impressively reliable. The MONOBOX range is, quite firmly, a world leader.

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Business names often in Cwmbran

Read this before your Financial Director.

It's about car rental. Or, rather, it's about money. Hence your Financial Director's interest. And it would be much better to talk to him about it, before he talks to you about it.

What do you say? Something like this:

"Sir," (or Mr Smithers, or Ted, or You Old Skinflint—depends on the terms you're on), "we rent cars".




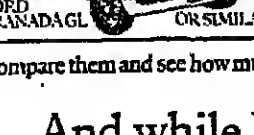
"And I've discovered a way to boost our profits by renting cars for far less money".

(Carry on. He's hooked).

"There's a British company called Swan National. They have 70 locations throughout the country, each operating a one-way rental system at no extra charge. Their fleet of long and short term rental cars is possibly the largest in the land. They have InterRent car rental link-ups in 33 countries. Point is, they charge less. Far less. Look".

At this point, put this table under his nose:

Taken from tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1100L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p) £60.00	£4.95 (5½p) £59.50	(13 GL model) £4.95 (6p) £90.00
 FORD CORTINA 1600L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p) £75.00	£6.25 (6½p) £71.75	£7.00 (8p) £115.00
 FORD CORTINA ESTATE 1600L OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p) £102.00	£8.25 (8½p) £94.50	(GL model) £11.00 (11p) Not shown
 FORD GRANADA GL OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p) N/A	£12.50 (13p) £141.75	(Ghia model) £19.00 (19p) Not shown

Compare them and see how much you can save with Swan National.

And while he studies it, do a little work to fill in the following figures. (Go on. You're about to get a rise, aren't you?)

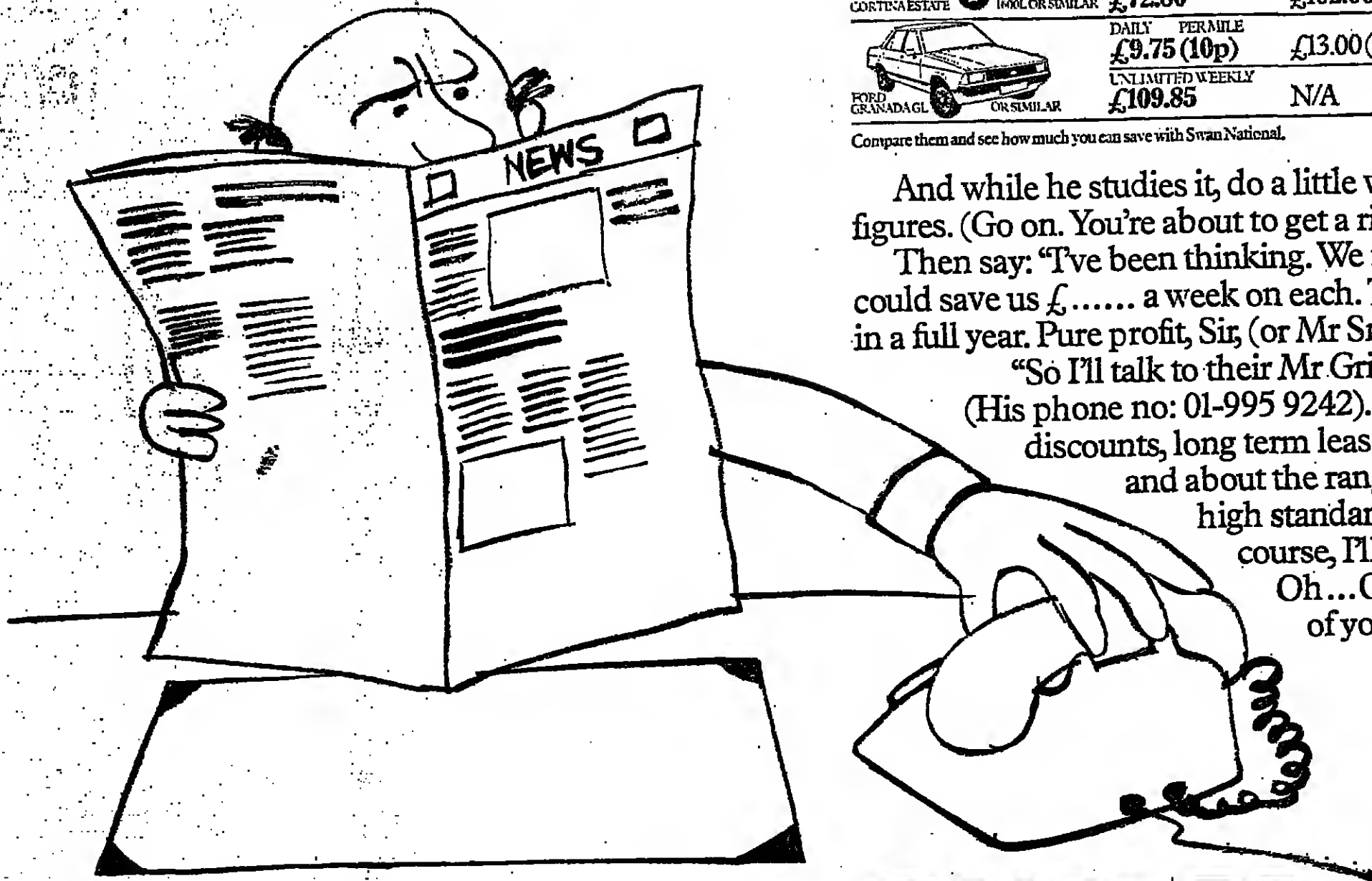
Then say: "I've been thinking. We rent..... cars. Swan National could save us £..... a week on each. That's a total saving of £..... in a full year. Pure profit, Sir, (or Mr Smithers, etc.)"

"So I'll talk to their Mr Grimshaw about it, shall I?"

(His phone no: 01-995 9242). "I'll ask him about volume discounts, long term leasing, vans, credit arrangements, and about the range of cars they offer and the high standards they work to. Yes, right, of course, I'll do it this morning."

Oh... Oh, thank you, that's very nice of you, Sir (or Ted, or whatever)".

Tell him before he tells you!



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Albania's uncomfortable dependence upon China

BY GEOFFREY STERN, Recently in Albania

THE PLACARD outside my hotel in the Albanian resort of Durres proclaimed "long live Chinese-Albanian friendship." It looked as fresh as it did on my last visit, five years ago, and was one of many signs that the crisis in Albanian-Chinese relations may not be as serious as reports earlier this year suggested. Equally, it is clear that things are not going as well as before.

In most large towns the Chinese presence is still inescapable. Moreover, although fewer in number, the Chinese appear to be treated with a deference bordering on the obsequious.

When China's Deputy Foreign Trade Minister and his retinue stopped off at Pogradec on Lake Ohrid, the hotel staff lined up one by one to bow before their distinguished guests, while a couple of Albanians policed the diplomatic Volvo outside.



Enver Hoxha, Albania's leader.



Tirane's debt to China is enormous. Ever since the two countries cemented their following Tirane's diplomatic break with Moscow in 1961, the Chinese have been underwriting Albania's five-year plans accounting until recently for nearly two-thirds of Tirane's seventh to the international table of broadcasts in kilowatt hours, which could not have been achieved without Chinese aid in boosting transmissions. Although the Albanians admit to recent reductions of Peking's assistance, particularly in relation to the current (1976-80) five-year plan, the dates on the relevant packages to the textile

schools and other plants reveal that the Chinese continue to provide at least some of the requisite raw materials. The shops do display a greater variety of Albanian products than five years ago, but they still stock many household items of Chinese origin, from tea to radio sets, clocks, toys, pencils, pens and

and Yugoslavs who are, by implication, the major targets. Their burden is that genuine Marxist-Leninists do not make far-reaching deals with the U.S. EEC—which is what the Chinese have been doing in recent years. Meanwhile in his report submitted to the seventh Party Congress last November, Mr. Hoxha dismissed Chlo's new strongman, Vico Premier Teng Hsiao-ping, as a "counter-revolutionary" and condemned the concept of a "third world," to which the Chinese subscribe, as a "revisionist" heresy.

In private Albanians enlarged

upon these official misgivings, though it is an indication of the delicacy of the situation that in the public they depict Sino-Albanian relations in a rosier hue. One official who had proclaimed "proletarian internationalism, Marxist-Leninism and mutual respect" as the basis of his country's ties with Peking admitted privately that he felt that in their dealings with foreign powers the Chinese had gone far beyond what was necessary for "peaceful co-existence." Another confessed disquiet at the fall of the "Marxist-Leninists," whom the Chinese call the Gang of Four.

What emerges is a paradox, with the Albanians feting the emissaries of a Government whose devotion to principle they find increasingly suspect. It is best explained by the fact that Communist-ruled States always draw a distinction between Party to Party relations, which in this case are bad, and State to State relations, which are better.

The Albanians are taking chances: though they still need Chinese help to overcome their poverty and backwardness more than ever they emphasize the merits of "self reliance" and what they term "beating the blockade."

Albania produces many of the spare parts it requires to service its textile and other industries and has recently become an exporter of the precision components of the world's leading products of chrome (which was one of the attractions for the Chinese), and is self-sufficient in oil, and is generously endowed with gas, coal, copper, nickel-iron, cobalt and other minerals. Hydro-electric plants have brought electricity to the whole country, and there is a surplus for export to Yugoslavia.

Some key Peking-aided projects, such as the vast metallurgical complex at Elbasan and the petrochemical plant at Ballsh, are well behind schedule, but the Chinese have insured Albania's capacity to extract and process most of its raw materials. Transport no longer presents the kind of problems known a few years ago when there were scarcely any asphalted roads and only a few miles of railway track. Albania claims to be self-sufficient in grain, and after largely successful programmes of land reclamation and irrigation the country can probably produce enough for its needs.

The big problem is defence. If the Chinese refused to supply the requisite aid, there would presumably be others in the East and West who, for both their own purposes, would be ready to satisfy Albanian needs.

If there is a threat to the Albanian system, it is more likely to come from within than from outside. The latest purge of Government ministers, leading party officials and civil servants suggests there are serious divisions in the hierarchy. With no obvious successor to the ailing Party chief it is by no means certain that the peculiar combination of Stalinism, Marxism and traditional nationalism which constitutes the system to day will survive its creator.

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Entertainment Guide

These listings are compiled by the Financial Times. For more details, see the listings on page 10.

OPERA & BALLET

COVENT GARDEN 01-240 5250. **ROYAL SHAKESPEARE COMPANY** 01-236 5522. **ROYAL OPERA HOUSE** 01-236 5522. **ROYAL OPERA HOUSE** 01-236 5522.

THEATRES

ADRIAN PHOENIX 01-236 7011. **ALBANY** 01-236 7011. **ALBANY** 01-236 7011.

ART GALLERY

FOR GALLERY 01-236 7011. **FOR GALLERY** 01-236 7011.

مكازم الاصل

FINANCIAL TIMES

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Wednesday November 23 1977

Unemployment trends

THE FACT that the total number of people unemployed in this country fell again between mid-October and mid-November is not in itself of great statistical importance. The principal reason for the continuing fall was the disappearance from the register, either into normal work or into one of the various emergency work or training schemes organised by the Government, of school leavers. One of the few unquestionably encouraging aspects of the present employment situation, in fact, is that the great bulk of this year's school leavers are now off the register—a better achievement than was widely expected earlier in the year.

To gauge the underlying trend of unemployment, however, one must set aside such special factors as school leavers and make allowance for normal seasonal fluctuations in the demand for labour. When this is done, the picture certainly looks better than for some time past, but there is some reason to doubt whether it is really as good as it looks. The last set of unemployment figures suggested that the trend, after running quite steeply upwards for four months in succession, had suddenly turned downwards. Mr. Healey gave a specific warning against attaching much significance to this apparent change of direction, which in fact seems to have been largely due to the statistical treatment of school leavers aged more than 17 and classified as adults.

Yesterday's figures show a further but much slighter drop in the underlying level of unemployment combined with a further but much smaller rise in the number of registered but unutilised job vacancies. The vacancies trend is always interesting as a guide to the demand for labour, but the total is relatively small and the month-to-month fluctuations since the spring exhibit no regular pattern. The month-to-month fluctuations in the level of unemployment, too, have been unusually irregular this year—a falling tendency from February to May; a very marked tendency to rise between June and September; a

renewed fall, partly artificial, in October; and now, in the latest returns, almost no change at all. The only possible course is to take a moving three-month average of the figures and conclude tentatively that unemployment is still rising but at a noticeably slower rate than during the summer. That employers should have used the beginning of the summer holiday to reduce their labour force and that the rate of reduction has since fallen is inherently plausible, unfortunately, that the level of unemployment is still rising and will continue to rise for some time because of the depressed level of economic activity. Many outside economists believe that it will continue to rise until at least the end of next year, and the Chancellor, giving an estimate of the effect on employment of his latest package, would go further than in suggest that the peak will be reached some time next year.

Training schemes

The forecaster's job is made exceedingly difficult by the fact that it is no longer possible to make firm assumptions about the relationship between the level of economic activity and the level of unemployment; the annual growth of productivity and productive potential, on which such assumptions rest, is now a matter of guesswork. The mention of productivity is a reminder of the dilemma brought out in the recent report of the Manpower Services Commission. Higher productivity is needed to restore U.K. competitiveness, the gradual decline in which is one reason for the secular growth of unemployment; yet higher productivity will lead in the short run to increased unemployment rather than reduce it—especially since the size of the national labour force is due to rise for several years to come and regional disparities now seem to be on the increase again. The training schemes which the MSC is pushing seem, at the national level, to be the most promising way out of this dilemma.

Subsidies and trade

BRITISH GOVERNMENTS are not the only ones to have resorted increasingly in recent years to industrial subsidies. Government intervention in the form of financial aids and incentives of one kind or another has been growing rapidly both in scale and in complexity throughout the industrialised and developing world. The post-1973 recession generated new pressures for assistance but the trend had set in much earlier as governments came to realise that this was one form of protectionist action which was still available to them in an international economic system formally committed to the dismantling of tariffs and other trade barriers.

other attempt is now being made in the Tokyo round of negotiations where it is one of the most contentious issues on the agenda. Dr. Malmgren performs a useful service by reminding everyone of the need for urgency for, as he says, failure to reach agreement could lead to an explosive situation in a few years' time. This is because the Trade Act which he helped to steer through Congress in 1974 gives the U.S. authorities a measure of discretion in waiving the application of countervailing duties for only four years, that is up to January 1979. After then, the provisions in the Act for the mandatory imposition of duties on U.S. imports receiving any export or production subsidy in the originating country come into full force.

Pragmatic approach

Dr. Malmgren includes in his paper some outline proposals for a new GATT code on subsidies and countervailing duties. He rightly places emphasis upon the need for a pragmatic approach, concentrating at first upon those government interventions which are most readily perceived and which generate the greatest political friction in other countries. But even a pragmatic approach will not be easy, as can be seen from the experience of the European Community. The European Commission's attempt to tackle state aids to publicly-owned industry has foundered almost totally upon the rocks of political, technical, and legal difficulties, while its series of guidelines on aids to private industry has hardly even contained the situation.

However, even the most interventionist-minded governments must see the need for some international rules that help to reduce the risk of conflict with other countries and thus the threat of unilateral retaliatory action. There are in principle very strong grounds for questioning whether any industrial subsidies confer any real lasting benefit. An international code would at least help all governments to contain the domestic pressures they face from differing sectional interests.

New tactics against the Provos

By GILES MERRITT, in Belfast

PROVISIONAL IRA statements are often a test of credibility, and the latest communiqué in *Republic News* is no exception. Acknowledging that the firemen's strike has given them a unique opportunity to firebomb Ulster, the Provos said that they have refrained from wreaking havoc because they support the firemen's pay claim; an incendiary campaign, the IRA added, would put the firemen under pressure to return to work on security grounds.

Whatever the truth of the matter—and the fact is that cassette firebombs during the past ten days' emergency have been planted at about the usual rate of three a day, but many have been defused—the Provisonals have not exploited the situation as they might. Failure to strike on cue is an IRA tactic. Northern Ireland is nevertheless puzzled, and while a rash of firebombings is still very much on the cards the Province cannot help wondering what the strength of the Provisional IRA now is.

Signs of hope

The signs are that it is a very different guerrilla organisation in that which kept Northern Ireland on the edge of civil war in previous years. The best judges of that are soldiers who can compare today's conditions with earlier tours of duty when the Army barely had the upper hand. This month the second battalion of the Grenadier Guards has moved back into Londonderry after a respite that included Hong Kong and latterly Changing the Guard at Buckingham Palace. After a preliminary tour of his "patch," which includes the Catholic strongholds of Bogside and the Creggan, its CO, Lt-Col. Dermot Blundell, found it a very different place to the war-torn city he last saw in 1973.

Professional soldiers do not necessarily look for the things an outsider might expect, and Dermot Blundell says he was most struck by the amount of new housing and the affability of children, who four years ago would have been shouting abuse, if not throwing bricks. Within hours of settling in, though, a soldier in another part of the city was shot and injured by a Provo gunman, and it was a salutary reminder that terrorism has not yet been defeated. But Derry, like the rest of Northern Ireland, has this year seen a near-normal return to near-normality, and the question of government in Ulster's mind is whether or not the Provisionals are now bleeding to death.

Several weeks ago, the IRA's hard-core in what were once the No-GO areas of "Free Derry" was estimated at less than 20, as against 300 plus in 1971-72. Apart from their dwindling numbers, Lt-Col. Blundell will say that the Army's role, and to some extent, his own, has been significantly changed. The increased use of "covert" troops, 300 of whom are now intelligence-gathering—in addition to the original SAS squadron of 80, sent over in January 1976—is helping to solve that problem. Ulster is beginning to appreciate that invisible security operations are as good as those that can be seen.

In many ways, they are better, for the war against the Provisionals has deliberately gone underground, and, as a result, terrorists are increasingly liable to be arrested and charged within weeks of a crime. The speed and probability of retribution has a marked deterrent effect because it contrasts so strongly with the pattern of previous years. Often a terrorist Provo or Protestant would be charged with a crime several years afterwards, and usually as the result of some unrelated investigation.

Manpower is probably the most reliable guideline, although estimating Provo strength is scarcely a precise science. Senior RUC sources reckon, however, that if there were the evidence to convict 100 known but untraceable senior men, the IRA would be very hard hit. And if that figure could be pushed to nearer 300, the blow might be mortal. In the first six months of this year about 75 IRA officers—the quartermasters, intelligence, and technical experts who really count—were charged, and the attrition rate has since continued at that level. Compared with last year, when the total was 71 senior terrorists, the security forces seem to be closing in.

A delicate balance

Both sides inhabit a John Le Carré world in which there are no "Godfathers," as the Government once labelled Provo chiefs, but "planners" or "officer status" Provisionals supported by "hands." In its turn, this top echelon, which is protected by the anonymity of the cells organisation, giving it internal security, draws upon the services of occasional helpers, whose functions include being "watchers," "carriers," "signalmen," "couriers," and sometimes "triggermen." Splitting these activists, even if only to open a dossier that might eventually lead to a conviction, is one of the covert specialist's main tasks, while each conventional army unit has at least half a dozen spialis "mudgers" whose job is studying faces.

Army officers were originally sceptical of the RUC's strengthened role and tended to see it as a political gimmick. But now the combination of military and police skills is being recognised as a synergy in which 2 + 2 = 3. A case in point is the technique that has been developed to deal with sniping attacks on security forces, which is likely to remain a Provo specialty for some time. Previously, the Army reacted by saturating the area of "sniping" with troops. Now it cordons off a radius of two or three streets around the firing point, calculating that a gunman seldom moves more than 75-100 yards in the hours following an attack. Once the net is closed, the RUC moves in, and uses its superior forensic and detective skills at its leisure. The police not only catch the suspects, they are more likely to find the evidence. Of the eight IRA men, for example, who were suspected of involvement in the fatal shooting in June of two soldiers of the 3rd Light Infantry in West Belfast, six are now awaiting trial.

So, just how strong is the Provisional IRA? That the Provos are still in business, in spite of the successes recorded against them, is seen by many officers as proof of their resilience. Since the troubles started, nearly 2,000 IRA terrorists have been convicted in either Ulster or the Irish Republic. In the last five years, 7,300 weapons and a staggering total of almost 1m. rounds of ammunition have been recovered in Northern Ireland alone, together with 116 tons of explosives. In the South, successful arms raids have been running at around 100 a year, since 1973, but still the Republic remains the main pipeline for weaponry. Although commercial explosives are currently so short that the Provos tend only to use it to trigger "co-op mix" reconstituted fertilizer bombs, the scale of the arms found is often feared to indicate the numbers of arms still cached.



The RUC is being used increasingly for security enforcement.

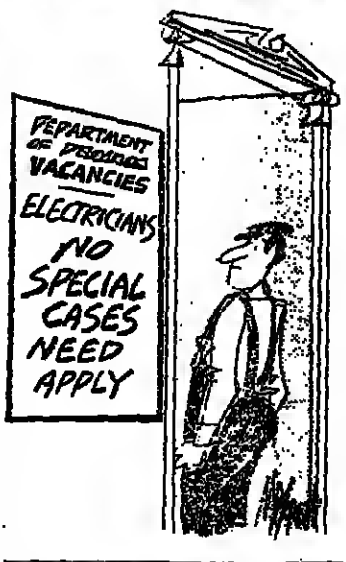
but since June the number of funds from the U.S. are claimed to have been 15 per cent. by Stormont Castle to be 70 per cent. with the six-month cent. down and reduced to an average of nearly 100 that has trickled since the Northern Ireland norm since early 1976.

It is becoming hard not to believe, therefore, that the return to normality has been remarkable, even if it is only a matter of opinion that it is extreme. The RUC's role is to be cautious if it is the top-most rank of the Army and the RUC Division, which encompasses most of West Belfast's Republican heartland, the police have not lost the war, they remain patrolling in all districts other than those that have been shown by soldiers but in the meantime they go about their business as if nothing has happened. In 1972 Northern Ireland's first prime minister, Sir James Faulkner, believed the Provos to be a "virtually harmless" force in all but the small areas of Belfast. It is almost precisely the phrasing used by some units of the South Armagh border town, which the Republican year was to be Uistar's blood ever with 468 killed and almost 5,000 injured. Again, the December 1974 various expressions were estimating that the IRA was "reduced" to only "a few small groups" and that they were "on the bones of the security statistics." Total deaths in the Province are running at half the 1976 total of 235; shooting incidents are down one-third from last year's average of four daily; explosions have dropped 50 per cent. and have not only been reduced in number but also in size. The most interesting fact, however, is that the IRA's reduced capacity in Ulster is no longer tense under the threat of random bombings and sectarian vendettas in which the innocent are caught in the cross-fire. Since the summer, civilian deaths have become minimal. Mr. Mason's watchword is that there is no "acceptable level of violence."

MEN AND MATTERS

Why customs men are anxious

A meeting taking place this morning at St. Mary's, London, may have a considerable bearing upon the dire and sorry problems of the Didoi Distribution Centre. Readers of this column will recall last week's account of how Southampton dockers belonging to the Transport and General Workers Union have "fixed" the centre, to stop it doing the job for which it was designed by private enterprise in conjunction with British Rail. Didoi was to have been the place where container traffic—mainly from and for the Midlands—would be packed or unpacked; but union pressure on shippers has ensured that the containers are processed in the docks and the goods moved by road instead of rail.



Today's meeting will be in the offices of the General Council of British Shipping. A letter sent out on November 4 to those attending says that representatives of H.M. Customs will report on investigations into the workings of inland clearance depots—the official name for centres such as Didoi. The letter says: "As ICs are an integral part in Customs forward planning, Customs have been concerned about their poor throughput and general under-utilisation." The letter says it is hoped that today's meeting "will serve to highlight factors inhibiting the use of existing ICs."

Scene change

What's to be done when you are in an Arab country and need a girl Friday in your office? An advertisement in a Kuwait newspaper reads: "Girl Wednesday required by British consulting firm to work 5 1/2 day week, commencing end of November." Friday is the day off in the Arab world.

Open view

THE newly-appointed British chief accountant of a manufacturing plant just established by a Danish company near Newcastle-on-Tyne was somewhat dismayed to find his office enclosed by glass walls. "Well,"

said his unsuspecting Danish boss, "we can soon pull them down if you would rather your office was integrated into the rest of the open plan landscape." That, however, was not what the accountant meant at all. He was worried in case anyone should be able to see the figures he was working on. He explained that in his previous appointment he carefully locked the doors when working on the books, as only he and the managing director were allowed to know the inner details of the company's finances.

The Danes were somewhat agast. In their own factory in Denmark, the shop stewards are given the same information on company affairs as the directors; if they want to supplement it they go into the office (open plant) and ask.

Counsels of despair

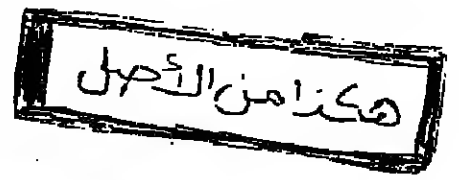
When the Crown Agents advertised recently on behalf of Piji for an experienced barrister to fill a post as a magistrate, there were more than 130 replies. A job for a State advocate in the Seychelles attracted a response of more than 300. Since there are only about 4,000 full-time barristers practising in England and Wales, you might conclude that many hopefuls in the wig and gown business are very lean and hungry. You would be right.

When I asked the Bar Council for a brief, I was told: "A lot of new barristers have found that money is certainly not growing on trees in Temple." There is evidence that over the past few years more barristers have been created than needed for the work available. The average net earnings of a barrister in his or her first three years are £2,753 annually before tax; sd 48 per cent. of all barristers earn less than £5,000 a year. It seems that

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TURKEY

Despite a domestic economy struggling against a rising tide of international debt, the Turkish people are convinced that their country faces a promising future. But the political base is riven by dissension, and a lack of authority, and has become a serious threat to any real future potential.

Coalition... Kings... Power... Dominick J. Coyle

THE contemporary political and economic scene in Turkey today is so depressing...

Front" coalition under Mr. Süleyman Demirel (53) is in office, but few consider that it is effectively ruling the country.

Impasse In the event the impasse has, if anything, been reinforced. The Ecevit forces advanced in the June poll, but with 213 Deputies in the National Assembly...

Ministries and jobs have been farmed out on a disproportional basis favouring the two smaller coalition partners, and the present emphasis is on survival rather than rule.

A little over two weeks from now, on December 11, the country goes to the polls in important local elections, a contest which has taken on an importance way and beyond its real and normal worth.

It is true, but for how long? While the RPP is talking openly about the imminent collapse of the present government, primarily because of the obvious inability of the National Front administration to agree on the kind of measures necessary to overcome Turkey's pressing and serious economic difficulties...

sonal protestations to the contrary, it can reasonably be assumed that Mr. Demirel himself is not among the few. For the fact is that Turkey faces a short-term, economic crisis which the Demirel Government, by virtue of its very composition, appears incapable of solving.

BASIC STATISTICS Table with columns for Area, Population, GNP, Per capita, Trade (1976), Imports, Exports, Imports from U.K., Exports to U.K., Currency: Turkish lira

associated energy requirements while on the basis of conservative estimates, so which for security grounds the Minister himself would not comment, the Turkish armed forces, facing the continuing (if somewhat relaxed) U.S. arms embargo require or at least are demanding something of the order of \$1.2m. daily for their arms and spare-parts requirement.

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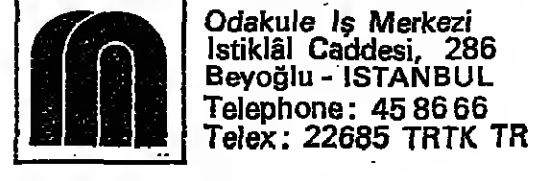
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TURKEY II

Storm clouds over the economy

THE TURKISH ECONOMY is now facing all the signs of a sharp recession. The acute shortage of foreign exchange, coupled with a long bottleneck on import payments—officially admitted as going back to last February—has already created major shortages of essential raw materials for a number of key manufacturing units. Unemployment is continuing to rise, although the full extent of the direct increase has been concealed by prolonged labour disputes, and demand-pull inflation risks getting out of hand.

Right now, there is a premium on virtually anything available for sale: a new motor-car, for example, can command up to TL100,000 on top of the official market price.

Inflation, on the basis of price increase in the Istanbul area, is running at an annual rate of roughly 30 per cent, based on end-September figures, and the trend is rising. In September alone, the wholesale price index rose by a staggering 8.6 per cent.

This particular increase resulted, in fact, from just about the only major economic decision taken by the present coalition Government during its first four months in office, and it came not surprisingly at the time when serious negotiations with the International Monetary Fund on a new standby credit which the Turkish authorities hope will in turn open the way to a major syndicated loan of up to \$1.5bn.

The decision, in fact, incorporated some drastic, and therefore politically courageous, measures, including a promised cut of some 20 per cent in current public spending in order to try and reach a balanced budget in 1977.

Additionally, administered prices in the public sector were increased sharply—by as much as 160 per cent in at least one case—and, in the view of the Central Bank, should improve the net revenue of the public sector by TL40bn., or about five per cent of gross national product. The Central Bank also raised its reserve requirement by five per cent in order to mop up surplus liquidity, and

the exchange rate of the Turkish lira was devalued by ten per cent against the U.S. dollar.

The immediate reaction, both by the business community in general and on the part of international bankers already exposed in Turkey, has been that the medicine was not enough, an assessment which almost automatically gives encouragement to those who suspect that the ten per cent devaluation will be insufficient to restore competitiveness to Turkish exports, with a direct consequence that those in the market for Turkish exports have held back anticipating another adjustment. The other side of the coin had come through much earlier, before the inconclusive June general election in fact, with a steep underlying rise in imports in the expectation of an exchange adjustment.

Consequence

The consequence, in terms of the country's external trading account, is depressing. Based on the first nine months of this year, imports have risen by 19 per cent, to \$4.4bn. compared with the corresponding period of the previous year; exports on the other hand, have declined by more than twenty per cent, to \$1.2bn. This deterioration in the trading account has not been offset in any significant way by the six per cent increase in remittances by Turkish workers abroad to \$764m. for the nine months, while the net inflow on the valuable if highly volatile Convertible Lira Account (CLA) was essentially negative at \$311m., or a reduction of some 42 per cent over the January-September period the previous year.

The reserves, meanwhile, fell to \$646m. at end-September, and by the end of last month had dropped to a six-year low, with gold valued at \$146m. and foreign currency reserves at a mere \$363m. Imports, meanwhile, are continuing at an average monthly rate of little less than \$500m. The real extent of the problem is startlingly simple.

The IMF team, under Mr. Arthur Woodward, has meanwhile been pressing for more

measures, although without being unimpressed by the extent of the September austerity package, especially given the delicate balance in the present coalition government.

It left Ankara last week for a short respite, mainly because of this week's religious holiday in Turkey, and presumably it picked up on the return journey to Washington the outpourings of the National Salvationist Party leader, Mr. Necmettin Erbakan, in an interview with the Turkish daily, Gunaydin last Wednesday. There is, he said, "no validity in the words of the (IMF) delegation which is said to have suggested the curtailment of Central Bank credits, the discontinuation of Treasury advance payments, a drop in the growth rate, the slowing down of investments and a new devaluation... above all, I say categorically, there will be no repeat no, devaluation."

Well, maybe not, although it is not the expectation of most Turkish businessmen who charge that it is the very presence of Mr. Erbakan and his party in the Government which is adding to the present economic crisis. He remains committed to a fast, and in the view of all impartial observers, an unrealistic rate of economic growth for Turkey in the years immediately ahead, if anything surpassing the impressive rise in GNP of an averaged 7.6 per cent in the 1973-1976 period.

Precise details for this projected economic breakthrough are promised in the next five-year development plan. This should start from the beginning of next year but in fact, it has not as yet been drafted in any detailed form by the State Planning Office, although it is promised almost on a daily basis by Mr. Erbakan who is not just a major decision-making force in the present Demirel Government, but whose party controls the key department of Industry and Technology through its Minister, Mr. Oguzban Asilturk.

The final plan will, it appears, incorporate details of the by now infamous NSP blueprint to establish some two hundred "major industrial enterprises" within the next seven years. Full

details on these grandiose projects have yet to be released, but they are said to cover a very wide range and to be concentrated in the heavy industrial sector with the emphasis (in the interest of long-term Turkish self-sufficiency) on capital rather than labour-intensive industry.

Impressed

The entire programme is reported to involve a total investment of TL360bn. (something less than \$30bn. at current exchange rates) and half of which will require foreign exchange. On the basis of the January to September outturn in the current year, this would represent some ten years of scarce export earnings; put an-

other way, the total projected outlay is equal to about two and a half times the 1977 budget.

It is hardly surprising that neither the Turkish private sector nor the International Monetary Fund are impressed with such spectacular scenes, the latter in particular being known to want a one- to two-year interim industrial development programme based on the realities of the present economic situation.

TUSIAD, the national employer organisation, is generally in agreement with this IMF position, in part at least because it accepts that there is just no way in which the borrower can call the tune, and its membership now acknowledges that the Turkish growth

in a sense is necessary, given the continuing high (2.4 per cent) population growth rate and a level of unemployment which is calculated, officially at 14 per cent but which is clearly a great deal higher, so fact. But will his coalition partners accept and implement the IMF medicine, particularly Mr. Necmettin Erbakan, (32), the leader of the NSP, who is promoting a terrifically unrealistic (based on Turkish standards of development) industrialisation programme aimed at making Turkey one of the world's leading industrial powers. Mr. Erbakan saw his party's electoral backing surmount the last general election by almost one-third to well under 9 per cent, but the very stalemate which that election produced has, if anything, increased the power of the NSP, since for all practical purposes, and excluding a grand JP/RPP coalition, neither Mr. Ecevit nor Mr. Demirel can survive in office without Mr. Erbakan.

Each in turn has tried him as a coalition partner, and both on the basis of their own public comments—have found

him "impossible." The IMF officer, who was among the popular mood in Turkey giving leaders of the 1980 military coup against the discredited Menderes Government, Turkey heads a more or less openly Fascist party whose power and influence is growing fast in Turkey, especially among the youth, and is out of all proportion to the six per cent and sixteen parliamentary seats the party won last June, compared with four in the previous election.

Through its direct and indirect influence over important ministries, NAP representatives now control some useful jobs, giving patronage, a not unimportant factor in a country with a high level of unemployment, especially among the young. Put crudely, the chances of sharing some of the spoils of a new government are now being shared with the people than with the politicians. It is a great deal more difficult to share there virtual unanimity about its long-term potential, there should be a real risk that some at least of this potential could be squandered precisely because of a failure by its political front to solve realistically the real problems of the present

But in fact, a sharply downward trend is already apparent. Definitive statistics in Turkey tend to run a long way behind events, but on the basis of the first five months of this year, GNP has increased by some 5.5 per cent, compared with 1976 rate overall of more than 7 per cent. The decline represents in large measure bad harvests for some main crops but industrial output is also lower—marginally under 10 per cent, against 11.4 per cent for the whole of 1976.

Final figures for the current year are likely to show a further

drop over the first five months, not least owing to the now regular pattern of power cuts because of the energy shortage.

Industry, meanwhile, suffers from precious little new foreign investment in Turkey, partly because the present government gives its disparate elements, is none too sure that it should be welcomed (despite the relatively generous provisions of the controlling Law No. 6224), but also because of the vast bureaucratic machine which somehow manages to defeat all but the most committed potential investors.

This same machine works with equal inefficiency on the exporting side, despite some recent improvements and it is at least one of the reasons why

the popular mood in Turkey giving voice in the general opinion that "this just cannot go on." But the alternatives which are currently being speculated about are more frightening still, including the prospect of yet another move by the military into government, which on all the evidence, and based on its two earlier experiences, the army must be very reluctant to consider. But the politicians who point rightly to how well Turkey has maintained (with interruptions) an impressive commitment to democracy could be running out of time.

Overcoming the country's immediate problems certainly requires a degree of consensus among the people, but the need for which, curious as it may seem, is emerging now in a country where there is a great deal of virtual unanimity about its long-term potential, there should be a real risk that some at least of this potential could be squandered precisely because of a failure by its political front to solve realistically the real problems of the present

But if Mr. Erbakan and his two dozen National Salvationist party members are to survive in a parliament of 450 get used to a new control of the NAP youth gangs parade in more or less openly on the streets and in university campuses. Left-right student clashes—and deaths—are now commonplace. Overall, the capacity to solve realistically the real problems of the present

Blame

Each in turn has tried him as a coalition partner, and both on the basis of their own public comments—have found

Power—CONTINUED FROM PREVIOUS PAGE

balance in the country's external merchandise account for which there is no early solution. It is right now the reason why Turkey has, for all practical purposes, run out of foreign exchange and is waiting somewhat desperately for the outcome of negotiations with the International Monetary Fund (IMF) for a new stand-by facility which, it is hoped in Ankara, will bring in its immediate wake a major syndicated loan of at least \$500m., and possibly even as much as \$1bn.

It is wanted urgently, for already many factories have cut back seriously on production simply because raw materials cannot be imported. But the IMF negotiations are in large measure political, an important issue being whether the Demirel Government can stay together to implement the kind of short-term policies which the fund is seeking. Mr. Demirel himself believes that it can, while accepting privately that a direct consequence of the IMF package will be a lowering of the impressive growth rate which Turkey has achieved in recent years, and one which

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Disillusionment with the West

FEELING GROWING, if some- one that is marginally in favour of the old enemy, the Soviet Union. In other words, there is a growing public demand that Ankara should use whatever diplomatic muscle it has in its own direct political and economic interests.

One minister went so far as to criticise the Financial Times for its embargo on the Cyprus invasion in 1974, and another, the Finance Minister, Mr. Gihat Bilgin, is planning to go to Washington "with the IMF in Washington" without first having softened up the ground. This softening up process, he suggested, might have taken the form of asking the Russians what their defence savings would be if all Western military bases were thrown out of Turkey and the government switched to a policy of neutrality. This clearly suggests that in Ankara at least, the IMF is viewed almost exclusively as a political instrument, and one bears frequently in political circles in Ankara the statement that the IMF right now is little more than the U.S. and West German governments wearing other hats. Accordingly, it is political leverage which is necessary to release the dollars which Turkey today so badly needs.

All of this does, of course, stem from a mood of national frustration in Turkey, particularly with the Americans. It is not yet at least, outrightly anti-American, and indeed deep down the great majority of Turks still see their future in the Western camp, but it is by no means an unquestioned commitment, even if the country's founding father, Mustafa Kemal (Ataturk), had set Turkey firmly in the direction of Europe before his death in 1938. Discussing specifically the continuing U.S. arms embargo, another minister was forthright if somewhat inaccurate, about U.S. arms supply policy. They have penalised Cuba because it allowed Soviet missiles to be located there, and we Turks are penalised precisely because we have provided these facilities for the Americans.

Trying to end the U.S. arms embargo is right now one of the main points of Turkish foreign policy, and in this key could be pushed too far, regard the Foreign Minister, Mr. Tansu Sabri Caglayangi, has lately had direct talks both with President Jimmy Carter and his



Turkish Prime Minister Mr. Suleyman Demirel talking to President Carter of the U.S. at a meeting of NATO in London.

Secretary of State, Cyrus Vance. The current feeling in Ankara is that the Carter Administration, and certainly the Pentagon, is anxious to persuade Congress to lift the arms ban and approve the new four-year bilateral defence agreement which would open up roughly \$1bn. in arms credits, loans and outright assistance to Turkey.

Agreement

But, of course, the key remains Cyprus, with the U.S. Congress seemingly unwilling to approve the new Turkish-American defence agreement until such time as there are signs of "meaningful" negotiations for a Cyprus settlement. The question in some measure at least revolves around the interpretation of "meaningful". The Turks argue that they are fully prepared for a resumption of the bilateral peace talks in Cyprus itself, although all the evidence suggests that they would like Turkey and Greece

to be associated directly with such discussions.

On the other hand, the death earlier this year of the Cyprus Archbishop Makarios, has, in Turkish eyes in any event, produced a new situation on the East Mediterranean island. It used to be said in Ankara that no settlement was possible in Cyprus until Makarios left the political scene; the present argument is that the interim presidency of Mr. Spyros Kyprianou is incapable of participating in serious talks since his status is even disputed "by the warring Greek-Cypriot factions." In any event, the Turkish Government does not accept Mr. Kyprianou as President of Cyprus, but merely as leader of the majority Greek-Cypriot community on the island, in much the same way as Mr. Rauf Denktaş is seen to be leader of the Turkish-Cypriot minority.

What is more, it is now evident that the presidential elections in Cyprus next February are to be contested, given

that Mr. Glafos Clerides, who acted as interim president during the temporary exile of Archbishop Makarios in the wake of the Greek-junta inspired coup of 1974 (the prelude to the Turkish invasion), has thrown his hat into the ring. This means that it will be spring at the earliest when the bilateral negotiations resume in Cyprus, and even then the Turkish Government will continue to insist that any eventual settlement there must be on the basis of a bizonal federal solution with, at least initially, little real power and authority resting with the central government.

In terms of domestic Turkish politics, the situation is even more complicated by the presence in government of Mr. Necmettin Erbakan's National Salvation Party. He is on record as being opposed totally to any territorial concessions by the Turks in Cyprus, although it appears self-evident to outside observers that a community of whom were in New York for

cent. of the island's population cannot possibly hope to retain just under 40 per cent. of the territory which is now held through the physical presence of 30,000 main-land Turkish troops.

But Cyprus is just one of the delicate and potentially dangerous problems in bilateral Greek-Turkish relations. Both countries are now involved in an expensive arms race while each professes publicly to want to have a settlement with the other on all outstanding issues. These now include the Turkish dispute over sovereignty in the Aegean, and the confrontation over control of the air space between the two countries which, technically at least, could be resolved virtually overnight if there was a minimum of mutual trust and ally willingness to tackle the problem as being apposed totally to any territorial concessions by the Turks in Cyprus, although it appears self-evident to outside observers that a community of whom were in New York for

General Assembly, are encouraged or not, depending on which account one accepts. The Turkish side claims to have responded to a Greek request not to disturb the diplomatic sea between them, in view of the run up to last Sunday's Greek general elections, as told in Athens. Mr. Caglayangi in New York had nothing new to offer "but the same old headline Turkish position." Athens has been much less forthcoming on the official, if privately expressed, Turkish claim that the Greek Government is now showing signs of agreeing to "substantive" talks on the Aegean continental shelf issue which, in Turkey, is represented as potentially important in terms of possible oil discoveries, but which in essence is a political claim and, on the part of the Turkish armed forces, a military demand as well.

And then there are relations with the EEC. The delayed Association Council meeting finally took place last December, and in a sense at least the Community has managed to put the ball back into the court of the government in Ankara. Brussels is now saying that the initiative rests with Ankara to put forward its case for modifications to the existing Association Agreement, whether in terms of securing better market access for Turkish products, or in protecting infant Turkish industries against Community competition.

For the moment anyway, the response from the Demirel Government has been just about zero.

Difficulties

But this is not to say that the government is unaware of its difficulties with the Community, or indeed, and directly on the political plain, is not genuinely concerned over EEC enlargement and with the possibility that Greece, once inside a Community of the Twelve, might be in a position not only to veto any subsequent Turkish application to join, but to influence to Turkey's detriment the evolution of the present Association Agreement.

This is a fundamental political question which the Community has, in public at any rate, shown

a marked reluctance to tackle, but it is one which the Turkish Government can be expected to press with some force next year, and it could yet create even further delays in Greece's accession.

No one in Turkey is quite sure just how the country's interests can best be protected from any Greek "spoiling operation," but there is certainly a move to try to ensure that the Community itself provides cast-iron assurances for Turkey which is certainly not prepared to fall back on the undertaking of the Greek Prime Minister, Constantine Karamanlis, that Greece inside the Community would take no action to block Turkish entry, or act in any way directly detrimental to Turkish interests.

The real tragedy, of course, is that the degree of mutual mistrust between these two countries is now such that neither will believe anything well of the other, while both spend scarce resources they can ill afford on building up an arms machine which is justified only if one or other of them decide to push their confrontation to war.

Both in Ankara and Athens, it is said that such an ultimate confrontation must be avoided at almost any cost, yet each is prepared to threaten the other with just such a step.

In a very real sense, the task of political leadership and of diplomacy in both countries is to convince the other, which means also convincing their respective peoples, that the issues which now divide them are not such as can be resolved by a recourse to arms. In the sense that Turkey took the first direct step towards confrontation with the 1974 Cyprus invasion, albeit with possibly ample justification given by the then ruling military junta, it must rest with Ankara to make the first tangible move towards a peaceful settlement. But this is unlikely if the Turkish people as a whole continue to believe, as they now do, that even their friends in the West are against them and seek to penalise Turkey, by economic as well as diplomatic means, "for sins which are not of our making."

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Due from Central Bank and other Banks	438,978,000	26,605,000
Investment Securities	16,708,000	1,015,000
Loans	4,492,223,000	272,680,000
Equity Participations	318,433,000	19,299,000
Premises, Equipment and other Assets	486,708,000	29,497,000
TOTAL ASSETS	TL7,032,954,000	\$426,240,000
LIABILITIES AND EQUITY		
Deposits	5,620,017,000	340,607,000
Funds Borrowed	727,832,000	44,111,000
Other Liabilities	459,144,000	27,822,000
Equity:		
Share Capital*	160,000,000	9,697,000
Reserves and Provisions	65,961,000	3,998,000
Total Equity	225,961,000	13,695,000
TOTAL LIABILITIES AND EQUITY	TL7,032,954,000	\$426,240,000

* Share Capital has been increased to TL300,000,000 (\$18,182,000) on March 4, 1977.



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TURKEY IV

Local elections will test the politicians

PARTY POLITICS, like much else in modern Turkey, go back to Ataturk, and indeed it was not until 1945 that the country allowed itself the luxury of having political parties as such, other, of course, than Ataturk's own creation, the Republican People's Party (RPP, which is currently under the leadership of Mr. Bulent Ecevit.)

The Justice Party (JP) of the Prime Minister, Mr. Suleyman Demirel, is an evolution of the hanned (by the military in 1960) Democratic Party and in a sense the JP or its predecessor provided the splinters for the establishment of the two other parties in government with Mr. Demirel, the pro-Islamic National Salvation Party (NSP) and the Right-wing National Action Party (NAP). The only other representative party which one need worry about here, and indeed the political polarisation in the general election last June made that party just about irrelevant, is the Republican Reliance Party itself a breakaway from the RPP.

The big political guns are, of course, the RPP and JP; between them they captured almost 80 per cent. of the popular vote in the last election and they control just over 400 of the 450 seats in the National Assembly. For an 8 per cent. increase in its popular vote in June, the RPP its parliamentary representation from 185 to 213 seats; the JP, proportionally, did much better, pushing its number of seats up by 40 to 189 for a 7 per cent. rise in its popular vote.

Each was short of the magical 225 plus one required for a numerical majority, and when a minority RPP administration failed to secure a vote of confidence, Mr. Demirel reassembled his old unstable coalition, this time minus the RPP, and agreed to share power with the NSP and the NAP, an unholy alliance which ranges from a form of militant Turkish nationalism to a brand of Islamic nationalism.

It was, even in the view of

many JP deputies, too high a price to pay for staying in office, and the Justice Party is now very much a house divided. But it is not the only party with dissension: the RPP, too, risks being torn by internal arguments, although the basis of the dispute there is mainly ideological, whereas what concerns JP dissidents is that their party could be out-manoeuvred on its right by the fast-growing NAP, a process which it is feared could cost the Justice Party greatly at the next general election. It is a justifiable fear, which is precisely why some JP members would like their party to get out of government and embark on a process of rejuvenation from the opposition benches, and under a new leader.

The RPP as represented by its leadership anyway is a generally social democrat party on Northern European lines, but it has a highly vocal Left wing which is not without Marxist leanings in a country in which the Communist Party is banned. For the moment at least, Mr. Ecevit, who is sometimes more of a poet than a politician, is standing firmly on the middle ground, not least in order to avoid losing the support which his party is getting from the business community — particularly with the country's big business groups.

However the Left, under the former Finance Minister, Mr. Deniz Baykal, has merely muted its criticism, on the Ecevit leadership, in part because the RPP as a whole still believes that the present Government could soon collapse, leaving their party with power almost by default. This in the currently optimistic RPP scenario could take the form of a minority Ecevit administration supported, whether directly or by abstention, by some JP dissidents (foremost perhaps those members of the old Democratic Party), or just possible through a grand RPP/JP coalition.

Mr. Demirel, of course, dismisses such speculation as pure moonshine, although deep down he too must be asking himself just how long the present coalition can survive.

After all, it is not just his own followers' fears that the NAP will undermine JP support on its right, and especially with the country's youth; it is basically the difficulty of working in co-operation with the NSP leader Mr. Necmettin Erbakan, whom Demirel personally once blocked as a potential JP candidate and subsequently described as "impossible" as a cabinet colleague, a non-working relationship which the Prime Minister quoted as justifying him in agreeing to premature elections last June. For the record, Mr. Erbakan is a staunch opponent of the EEC, which he dismisses as "Jewish lobby" aimed at keeping the developing world in poverty, and favours closer ties with Arab countries, "regimes to give an inch" of Turkish-held territory in Cyprus as part of any settlement there and is promoting an industrialisation programme (but without saying much about its financing) aimed at turning Turkey into the world's tenth — sometimes he advances this to the fifth — industrial power by the year 2000.

More immediate, however, are the administrative elections to be held throughout Turkey on December 11 and for which the campaign got into full swing ten days ago. The poll has to do essentially with electing mayors, municipal councils and provincial administrations, but it is taking on more or less the importance of a national referendum for or against the present Demirel coalition.

There is already speculation inside JP ranks that a significant electoral reversal for the party could cost Mr. Demirel personally the leadership or, at very least, serve as the final push to a number of dissatisfied JP deputies, who are contemplating the possibility of crossing over to Mr. Ecevit; not directly, then, more or less to the cross benches.

On the other hand, an advance by the Ecevit forces would enhance what the opposition leader refers to as his moral claim to government as leader of the country's largest single party, a mere 13 votes short of an absolute parliamentary majority. Political observers in both Ankara and Istanbul are being remarkably cautious about the likely outcome on December 11.

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Armed forces reassess status in NATO

THE U.S. ARMS embargo on Turkey has given the country a nudge in the direction of neutrality. Imposed after the Turkish invasion of northern Cyprus in 1974 and coinciding with a period of détente, it has caused many conservative Turks to take a fresh look at their history. Their general conclusion is that it was a disaster for Turkey to have fought in the First World War and a success to have stayed out of the second: "If we had fought on the side of Hitler we would have been invaded by the USSR. If we had fought with the Allies we would first have been occupied by Stalin. Either way we would now belong to the Eastern bloc," one official says.

The Turkish armed forces, like the Turkish Foreign Ministry, are at present run by the generation which grew up with the memory of Stalin demanding control of the Straits and of the country's eastern provinces. For this generation, the arrival in Istanbul of the USS Missouri in 1946 was and is a symbol of the value of Turkey's link with the U.S. But for the younger generation now moving into key posts a more decisive memory is the blunt letter which President Johnson sent Ankara in 1964 indicating that NATO would not protect Turkey were it to land in Cyprus and the USSR then intervened.

Equally important to this generation is the arms embargo which showed that when Turkey acted on a matter of national interest the U.S. Congress sought to put a moratorium on its foreign policy. Yet for all this, no major party raises the question of Turkey leaving the Alliance. The opposition leader, Mr. Bulent Ecevit, says: "We are careful not to upset the balance on which détente is based. Therefore we do not intend to leave NATO." And almost surprisingly it is the conservatives who show more reservations about the Alliance in general and the U.S. in particular.

Unseating

The Foreign Minister, Mr. İhsan Sabri Çağlayangil, has blamed the CIA for being behind the unseating of Mr. Demirel in March 1971. As for the present Minister of the Interior, Mr. Korkut Özal, he says that the strategic value of Turkey is such that the great powers "are bound to act to protect their national interests. We have heard so much about CIA operations, the committee of R40, etc. If democratic countries' intelligence organisations act this way then why will the KGB not interfere. This is as clear as the sun in the sky. The only question is how deep is this interference."

Such reservations mean that the Turks are, in the words of a Western diplomat, "Putting furniture between themselves and the Alliance," both in psychological terms and in the way they are keeping shut the major U.S. communications stations in Turkey. The five main ones used to collect one-quarter of the hard information on Soviet missile launches, according to a U.S. Congressional report.

But now these sources of information have had to be replaced by fresh sources such as satellites. Technology has thus altered the military importance of Turkey — much as it did in the early 1960s. Until then the country's land-mass had been a crucial site for missiles aimed at the Soviet Union. Khrushchev's demands during the Cuba missile crisis that these be withdrawn coincided with the West developing ICBMs, which made the missiles in Turkey largely redundant.

In New Turkey's value to the West derives mainly from the way it stands between the Soviet Union and the Mediterranean. In 1945 Churchill wrote of his conversations with Stalin that Russia was "like a giant with its nostrils pinched by the narrow exits from the Baltic and the Dardanelles."

The importance of this position has been reinforced since the Soviet Union's last route for supplying its Mediterranean fleet and are also necessary for its helicopter carriers. The credited Turkey's arms hill passage through the Straits of the Key in 1978 led to NATO complaints that this was against defence than any other Convention country — 9 per cent. of its governing the Straits. But in 1975 and 29.4 per cent. Turkey, the guardian of the budget, according to the convention, was not considered a NATO member.

Now the USSR is building such carriers in the Black Sea and is requesting for "friendly visits" to Turkish ports. But with warfare being more rapid, Turkey is becoming a more important link in the Middle East and the oil route to the Soviet Union will have to import. During the Yom Kippur War, 20 per cent of the Soviet supplies ran through Syria and Egypt over Turkish airspace.

To-day Nato officials in Land South East Command bluntly admit that Soviet-Union demanded lines of access to the East and gave Turkey a maturem, the Alliance urged Turkey to accommodate a reflection of the way that the development of the flexible response Nato not risk a major conflict. The Alliance's wings, however, far the Turkish armed forces in their present mood would stand up to demands for Soviet-Union not to intervene.

More visible for the moment is the economic effects of the arms embargo. This has great effects on Turkey's arms hill passage through the Straits of the Key in 1978 led to NATO complaints that this was against defence than any other Convention country — 9 per cent. of its governing the Straits. But in 1975 and 29.4 per cent. Turkey, the guardian of the budget, according to the convention, was not considered a NATO member.

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TURKEY V

Banking on a loan

THE TURKISH BANKS, of which there are too many, like other important components of the country's economy, now waiting with growing impatience for a decision on a standby facility. In practice, would be drawn down immediately to the full permissible extent — for Turkey. The main banks are of a vital element in the economic mix and, naturally, in a vital way, they are touched daily by the key policy which now affects the country's industry and commerce, namely the present shortage of foreign exchange.

The Turkish lira is, for practical purposes, not convertible. The banks' only recourse to foreign exchange for their customers is the Central Bank, which, right now, does not have any, at least after allowing for the priorities as determined for it by the Government. These are, principally, foreign exchange needs of military and payment for oil and other energy needs. Already, Turkey is in a tight spot in its oil payments to Iraq, among others, and also to Algeria from whom she imports electricity.

Parallel

Only the black market, or by more acceptable title, the parallel market, appears to have a limited supply of dollars, and the cost in recent weeks for those fortunate to be able to get them — and they, by all accounts, are surprisingly many — is a premium of some 40 per cent over the official rate of just over L19 to the U.S. dollar. By that one "market" measure, at least, it is an extent of further lira devaluation which is expected over the next few weeks or months.

It is incidentally, somewhat surprising that there should now be such a degree of unanimity, including in banking circles in Istanbul and Ankara, that a new devaluation is both inevitable and desirable. After all, the lira, while not convertible, has periodically (some would say, regularly) been devalued, and since May 1974, the Government has been all too ready to devalue against the dollar. The possibilities of these enterprises have remained rather limited.

"In addition, a lengthy election campaign in the first half of 1977, frequent news about devaluation of the Turkish lira, some irresponsible talks on the bankruptcy of the country and the arms embargo, maintained by the U.S. intensified the economic difficulties."

On the other hand, there have been no real disposal problems on the export side. Other than the reserves of wheat, tobacco and in a different category, cotton, but then the Government manages to give the impression that it is not quite sure whether these stocks should be viewed as "strategic" or simply a response to temporary world surpluses. Nonetheless, and against the background of the current foreign exchange crisis, it should be remembered that this backlog is said officially to be worth close on \$1bn. — subject to sale, that is — and even a clearing of the wheat backlog, albeit at a loss in the recently declining market, would ease very considerably the country's immediate exchange problem.

Package

It is not unlikely, either, that any final package from the IMF will include a further adjustment, together with an orderly system for paying off accrued foreign liabilities for imports, upper limits to the total level of government expenditure and for domestic credit expansion, all against the background of a lower level of overall national growth in the next couple of years anyway.

A devaluation could, admittedly, assist exports of manufactured and processed goods, but these are still only about one-third of Turkey's limited exports. Equally, a major devaluation should put something of a brake on domestic consumption, and the domestic scene just now is very much a sellers' market, but the evidence of a rate of inflation tends to suggest that the effect might be relatively short-lived.

But the most potent reason for another devaluation of the Turkish lira may have little to do with immediate economic considerations, but simply stem from the fact that it is now widely expected. Indeed, it is hard not to be sympathetic to Dr. Tayyar Sadiklar, the Governor of the Central Bank, who in an interview with the Financial Times, had these comments: "While both internal and external factors have pushed prices upward, thus aggravating inflationary pressures (already in the economy, prices of goods and services by the State economic enterprises have been kept constant with social considerations in mind. Rising costs of such goods and services, on the other hand, have been met from the central budget and the Government Bank and new investment opportunities of these enterprises have remained rather limited."

The real problem facing the banking community, both inside Turkey and the international banks committee here, is whether the present uncertain coalition government can accept such medicine and survive. The IMF team under Mr. Arthur Woodward is expected back in Ankara for final negotiations within the next week or so.

It is this whole scenario, and not the more conventional branch banking routine, which today preoccupies most Turkish bankers. Yet the profitable branch banking network continues to grow, to the present point where some 40 separate banks, although many of them quite small, operate roughly 5,000 branches, or a branch for every 8,000 people. These branches are, in general, vastly over-staffed, with the consequence that a simple transaction tends to involve the customer along a reversed bureaucratic pyramid of authority in the worst lines of Parkinson's celebrated law. What is more, and branch managers themselves are the first to admit it, but usually in private, is that their authority at the notional top is more imaginary than real with all but the most routine decisions being taken at head office.

At head offices, where an increasing number of younger executives are products of training abroad, one hears the same complaint, not least on the question of their limited authority on lending. Indeed, the impression persists that in Turkish banking, lending authorisations occupy a large part of Boardroom decisions, with the younger executives currently being more preoccupied with, or more directed to, organisational matters, not least with rationalising branch operations, including a hoped-for reduction in staff and in bureaucratic routine. Certainly, some limited form of mechanisation is overdue, if only to handle the vast fields of paper.

At a more central level, there is need for some new banking legislation, not least perhaps to bring more into line with international practice the lending limits which any one bank may

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The following table reflects the plants and their capacities taking place in the Yarimca and Aliaga Complexes.

YARIMCA COMPLEX		ALIAGA COMPLEX	
Plants	m.tons./year	Plants	m.tons./year
Ethylene	60,000	Ethylene	300,000
Low Density Polyethylene	27,000	Low Density Polyethylene	150,000
Vinylchloride Monomer	54,000	High Density Polyethylene	40,000
Polyvinyl Chloride	52,000	Vinylchloride Monomer	105,000
Chlor-Alkali	36,000	Polyvinyl Chloride	100,000
Dodecyl Benzene (x)	20,000	Chlor-Alkali	75,500
Carbon Black (x)	30,000	Aromatics: Benzene	115,000
Styrene	25,000	Paraxylene	110,000
Polystyrene	15,000	Orthoxylene	65,000
Caprolactam	25,000	Polypropylene	60,000
Butadien Extraction	33,000	Ethylene Oxide	54,000
Styrene-Butadien-Rubber	32,000	Ethylene Glycol	68,000
Cis-Polybutadien-Rubber	13,500	Phthalic Anhydride	30,000
		Acrylonitrile	70,000
		Tri/Perchloroethylene	10,000
		Pure Terephthalic Acid	70,000

(x) Expansions under construction are included

The total sales volume of the company has boomed over the six years since the Yarimca Complex has been put in operation in 1970. Total sales amounted to \$ 97,304,000 in 1974, \$ 133,138,000 in 1975, \$ 189,770,000 in 1976, and is expected to reach \$ 350,590,000 in 1977.

PETKIM is also an importer of plastics, feedstock, chemicals, investment goods, and construction equipment. As a major importer of plastics in Turkey, to meet the upturn in demand, PETKIM is importing 190,000 tons of plastics in 1977 and expects this figure to rise in the years following. The investment goods and construction equipment are imported for the Aliaga Complex under construction. The total value of machinery and equipment to be imported for the Complex is \$ 220,762,000.

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Armed forces

CONTINUED FROM PREVIOUS PAGE

Its armed forces total nearly 500,000, and include four armies. The First Army based in Istanbul has ten divisions ranged against a possible attack by Turkish Thrace. The Second Army with its headquarters in Konya, has four divisions compared with the four divisions of the Iraqi and Syrian armies. It also has 28,000 troops on Cyprus.

The Third Army, based in Erzurum, has seven divisions ranged against the 12 Soviet divisions available in the Caucasus for offensive operations. All three armies face forces which have at least two times as many tanks over them.

Turkey's last army is its Aegean one based in Izmir. This is not known as the fourth army as noted in the Fourth Army they mean a soldier has been killed.

Military sources say the cost of equipping the new Aegean Army and re-equipping the other forces in Turkey is in the Turkish General Staff's opinion, an annual \$800m. Recently, they have been forced to settle for an estimated \$500m, though the exact figure is a close-kept secret.

The original arms embargo imposed after the Cyprus operation has been largely breached but still, the limit on credits and sales means that the equipment Turkey wants is much more expensive than it would otherwise be.

Military credit for the U.S. fiscal years 1975-76 and 1976-77 was kept to \$125m, and for the current year, 1977-78, it is \$175m. But most of this has been spent on 40 Phantom jet fighter bombers. The total cost of these is estimated at \$480m, and delivery is to start and be completed next year.

Such credit limits are considerably below the \$340m, annually which would have been available from various sources if the four-year defence co-operation agreement signed in March last year had been approved by the U.S. Congress.

West German military aid for last year totalled \$100m, but still the requirements of Turkey's military machine have been huge, gobbling up scarce foreign exchange, even if there is reported to be a \$400m. secret fund kept for emergencies by the military.

The result of this has been to boost local arms production. As an old imperial power, Turkey has a tradition of making weapons dating back through the centuries. The shipyards set up by Mehmet the Conqueror in 1455 have moved on from salleys such as those used by Barbarossa, Admiral of Suleyman the Magnificent. They and other shipyards now turn out patrol boats, landing craft and submarines — the Turks in fact claim to have made the world's first submarine.

As for light arms, in 1975 a report by the General Staff said that Turkey was 90 per cent self-sufficient in these, 30 per cent in heavier weapons and 15 per cent in sophisticated equipment. It makes howitzers, rocket launchers, machine guns, ammunition and mortars. It has also exported some of the anti-tank "Cobra" rockets, which Turkey manufactures under licence to the Far East.

Turkey is also hoping to start its own aircraft industry. It has tried this three times already this century, but not with great success, with the last one killed off when the Marshall Plan enabled Turkey to obtain aircraft from the U.S.

But the present venture has hardly got off to a flying start. TUSAS, the Turkish aircraft industry, announced with a fanfare that it would sign a contract with AER Macchi in October. The documents for what was to be a \$156m. contract were duly set out on the table for signature. But the Turkish armed forces boycotted the ceremony. Amidst a host of mutual recriminations the only apparent conclusion to draw was that this "heavy industry" like, so many other grandiose plans of building the "Great Turkey" will have to wait upon Turkey muddling through its present economic crisis.

David Tonge



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TURKEY VI

Import bills unpaid

TURKEY'S FOREIGN exchange crisis has cast a pall over what has long been a fast-growing and profitable market for British exporters. To-day the payments queue goes back to February. Of the £1.1bn. of overdue payments, over £80m. is due to Britain.

The build up of Turkey's obligations led the ECGD in July to take steps to restrict its liabilities to the level prevailing at the time. Subsequent ECGD cover has been minimal and since October 1 it has ceased altogether, according to British sources. On the contrary the ECGD is now having to meet a number of claims. The absence of trade in consumer goods means that the claims tend to be for heavy industry and be few but large. Machine tool exporters have been particularly badly hit, with at least 13 U.K. firms owed substantial sums.

Turkish substantial sums records remain good and the problem is at the Central Bank. This is only paying for "strategic" imports such as petrol. ECGD cover has been used for about one-half of the exports made to Turkey. Now the lack of this cover has been cited by British Leyland International as the reason why it has been unable to extend its credit

line to BMC Otomobil Sanayi, the Izmir manufacturing plant in which it has a 28 per cent share. The resulting shortage of imported parts had obliged BMC Otomobil Sanayi to lay off one-third of its workforce and to close down some production lines.

British Embassy sources fear a "very considerable downturn in trade" and express surprise at the way the import figures available so far fail to indicate this.

In the third quarter of 1977 imports were 27.5 per cent higher than in the same period of the year earlier, while in the first half of the year the rise had been 25.7 per cent.

Forty six per cent of Turkey's imports and 49 per cent of its exports were traded with the EEC last year. For Britain it is the third largest market in the Middle East, coming after Israel and Iran, while in Turkey, Britain is the fourth largest supplier, beaten by West Germany, Iraq and the U.S.

In 1973 Britain had 10.3 per cent of the Turkish market, but its share has since fallen to between 7 and 8 per cent. This year the 21 per cent increase in imports from Britain in the first eight months com-

pared with the same period one year earlier was in line with the overall growth of Turkish imports. The increase in the prices of British goods means that the volume increase is much more limited.

Britain has increased its sales of fertilisers and chemical products, and of iron and steel. It has also had another good year for machinery and transport, and won a number of the major contracts to supply equipment to the £80m. petrochemical complex being built at Aliaga, north of Izmir. Shipment of this equipment has not yet started.

Fruit and vegetable imports by Britain from Turkey have continued to increase rapidly, with the new ro-ro line between Mersin in Southern Turkey and Bridport designed to encourage exports to Western Europe in general. However, more contentious has been the issue of Turkey's exports of cotton, textiles and clothing.

For the Turks this is a crucial sector and the main source of non-agricultural employment. Heavy investment in recent years seemed to pay off when between 1973 and 1976 exports of textiles and clothing doubled to reach a total of £120m. But the difficulties in West Europe's textile industry have been reflected both in lower demand for cotton and in quotas being established for the more finished products which Turkey has been trying to develop. Turkey's success with tee-shirts and jeans has been hard won — and there is little appreciation of the import growth curbs proposed by the British.

Otherwise trade between Britain and Turkey has been much as normal — though normal in Turkey means being prepared to deal with the long delays that the bureaucracy can cause, particularly now that the Government is itself a house divided. The problems of obtaining import licences into Turkey may now have passed besides those of exporting foreign exchange, but remain serious. As for profit transfers by subsidiaries of British companies working in Turkey these too have long been blocked. One company eventually decided that the only way to make the transfer was to arrange a credit for a similar amount on the

European market, a proposal the Central Bank happily accepted. As for the division in the coalition, these were clearly seen in October when TUSAS, the Turkish Aircraft Industry, proudly announced that it would sign a £80m. contract with the Italian firm, Aer Macchi. The contract was for the establishment of an assembly plant. TUSAS is controlled by the National Salvation Party (NSP) of Necmettin Erbakan, when the time of the ceremony came the representatives of the Turkish Armed Forces booted it. They and the other opposition parties, apart from objections to a project which would have been a feather in the NSP's cap, opposed the choice of Aer Macchi. Were it not for the U.S. arms embargo, the NSP would reportedly have favoured the proposal made by Nalco. But now, Hawker Siddeley's offer, though more expensive, is apparently in the running, provided that it, ECGD cover, is obtained.

Growing energy requirements

LIKE MANY developing nations whose economies are passing through a transitional period Turkey suffered a grievous blow from the 1973 crude oil price increases. Since then the high price of imported energy, and the nagging need to promote expensive new investments to develop indigenous energy, have been two themes dominating the Turkish economy.

The strains imposed by current energy requirements can be judged by the fact that

Turkey's foreign currency payments for oil almost equal the yearly earnings of the nation from all exports.

If ever-greater reliance had to be placed upon imported fuels as the Turkish economy expanded the outlook would indeed be grim. Whatever happens it is certain that Turkey's dependence upon oil will increase. That was acknowledged recently when Dr. Ibrahim Kavrak, the head of the Turkey Energy Model study project, presented the model at the World Energy Conference held in Istanbul. Fortunately, however, there are other ways in which the pressure of rising fuel imports can be alleviated.

The plan also envisages new manufacturing plants in Turkey for generators and other power equipment.

Turkey is continuing her search for new energy sources and the new national plan states that "oil surveys in the continental shelf of the Aegean Sea are considered of prime importance." Turkish survey work there has in the past caused friction with her neighbour Greece.

Total electricity demand is expected to double every seven years in Turkey as the industrialisation of the country continues. In the short-term until the 1990s the extra power may be largely provided from a balanced use of national hydro-power and soft coal resources. For the longer-term the country will have to consider nuclear or other thermal energy sources including solar radiation and geothermal energy.

U.K. TRADE WITH TURKEY

U.K. exports to Turkey (Jan-August F.O.B.) £000

	1976	1977
Total exports	135,852	184,242
of which:		
Chemicals	21,634	30,491
Rubber manufactures	1,562	1,726
Iron and Steel	5,827	15,971
Machinery, other than electric	46,456	46,694
Electrical machinery, apparatus and appliances	9,222	6,740
Transport equipment	27,921	44,829
Miscellaneous manufactured articles	1,999	2,820
Total of selected items	124,923	151,971

U.K. imports from Turkey (Jan-August C.I.F.) £000

	1976	1977
Total imports	46,369	35,928
of which:		
Fruit and vegetables	10,064	14,018
Textiles fibres not manufactured	17,144	11,240
Crude fertilisers and minerals	1,217	2,174
Textile yarns, fabrics, made up articles	3,529	5,067
Clothing, knitted articles, etc.	682	1,984
Total of selected items	32,636	33,983

The sources of primary energy within Turkey's borders range across the whole spectrum from nuclear (uranium deposits) to geothermal energy. The model estimates that within the Turkish borders there are 57m. tonnes of oil, 1,200m. tonnes of hard coal, 5,600m. tonnes of soft coal, 6,000m. tonnes of peat and shales, 4,500 tonnes of natural uranium, and water resources capable of being exploited to provide 75m. MW hours a year. Indeed, the model indicates that hydro-electric power alone, could, if properly tapped, suffice for all Turkey's electricity demand well into the 1990s.

As Turkey industrialises at a fast rate the strains of matching that progress with an adequate energy policy have become all too apparent. The two big centres of population, Istanbul and Ankara, are difficult to supply from the existing system. Power cuts are an almost daily occurrence in Istanbul. A major problem is the imbalance between Turkey's sources of power and the industrial areas where it is most needed. The major deposits of oil, soft coal, and peat, and the principal hydro-electric sources, are all in the east of the country. But by far the greater proportion of industry and those forms of agriculture which are significant energy users, together with the bulk of the population, are in the western half of the country. As the eastern and western borders of Turkey are more than 1,500km apart the geography throws unusually severe strains upon the power system and the transportation of liquid and solid fuels.

At present Turkey's energy budget amounts to some \$4bn. a year which is equivalent to 10 per cent of the national budget. The fear expressed in the energy model is that any further increases in that ratio could adversely affect other sectors of the economy.

The fourth national five-year development plan which starts next year incorporates a new energy strategy which is designed to allow continued industrial expansion while minimising the impact of energy costs upon the total Turkish economy.

While geothermal prospects still require intensive surveys the two authors estimate that Turkey's potential energy from that source could be in the range of 1200 MW from hot water and steam occurring naturally. A 15 MW capacity power station is being built using geothermal heat in western Turkey.

Geothermal energy could play a particularly important role in the development of Turkish agriculture in the future. If Turkey is to become a member of the EEC, as she hopes, the country will have a big potential market for agricultural produce which she intends to try to meet by extensive greenhouse cultivation. Space heating will be an important factor in the agricultural economy. And geothermal energy looks one of the most promising power sources.

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Roy Hodson

TURKEY VII

Agricultural yields improve

NETEEN SEVENTY SEVEN earlier to between \$100 and \$110. Turkey has now made contracts for exports of 2.5m. tons but, as one agricultural expert says: "The Turks have never been merchants. We do not have the necessary knowledge of the world markets nor the right approach. We wait for others to come and beg for our products."

In wheat in particular other problems too are developing. The least of these is, surprisingly, the lack of silo storage capacity. Present capacity is 1.7m. tons, compared with total wheat stocks for both foreign and domestic consumption of 6.2m. tons. Storage under tarpaulin or plastic is traditional in Turkey and losses average only 2 to 3 per cent. But handling and transport become difficult. While the authorities have this year begun a three-year programme aimed to expand silo capacity to 2.2m. tons, they have still to face up to the increasing problems exporters face at Turkey's ports. These are not only congested but, by and large, lack bulk loading facilities.

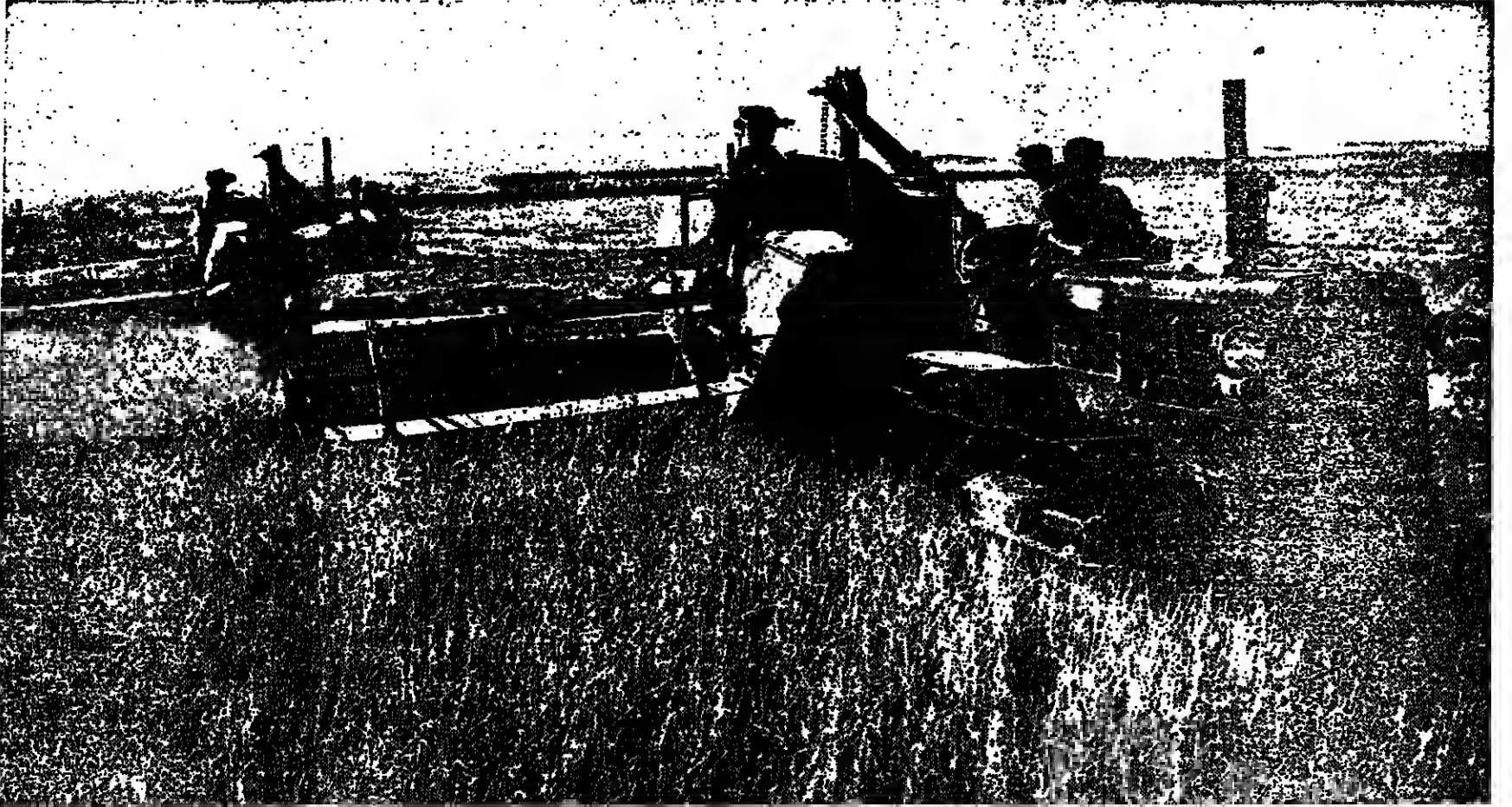
In cotton the main problems come from the difficulties of selling in a world market increasingly subject to quotas and competition. Exports in the first nine months of the year totalled \$3,949 tons and were worth \$143m, against \$51,560 tons and \$385m. in the same period one year earlier. But now a record crop, estimated at 617,000 tons, as compared with 1976's 470,000 tons, means the Government is looking for export earnings of at least \$300m. from cotton and cotton yarn. The Government is now giving exporters a 15 per cent rebate. One of the problems in this sector is that the expectation of a further drop in the value of the Turkish lira has caused traders abroad to hold off purchases in the

expectation of being able to buy at cheaper prices later. Tobacco has also had a bad year, with shipments in the first nine months totalling 40,953 tons, 40 per cent below the comparable 1976 figure and earnings from tobacco in this period totalling \$117m., a 48 per cent fall. The export season for the 1976 crop opened in October and has seen the merchants sell the 15,000 tons they had in stock. Foreign buyers, however, have taken a more wary attitude to the 120,000 tons in the hands of state monopoly, Tekel. This is mainly for quality reasons as the prices have been fixed in dollars and the Government has said that they will not be changed by foreign exchange rate adjustments. Prices for the 1976 crop are slightly lower than for the previous year. American-grade Aegean tobacco, for instance, is priced at \$3.25 per kilo compared with the end-season price for the 1975 crop of \$3.53. The 1977 crop is estimated to be 274,000 tons, just below the 1976 record.

Exports

The accompanying table shows that it has been a better year for Turkey's traditional exports of dried figs, raisins and hazelnuts. Traders in Izmir say that exports of this year's crops have been moving fast, with half the crops of raisins and dried apricots sold by mid-November and over 80 per cent of dried fig production. It has been a good year for hazelnuts. Turkey supplies 70 per cent of the hazelnuts traded on the world market and this year they have replaced cotton as the main agricultural export product.

Citrus exports, on the other hand, have fallen off, as have exports of vegetables. It has been a better year for fresh Konya plain, for instance, there fruits but still total exports of fruits and vegetables have failed to show the growth changes have taken place in the expected, with a part of the problem being that of arranging the necessary transport. A rise in the citrus growing area to Italy has just been inaugurated and may help overcome the transport problems has still only one-eighth of the number of tractors per thousand hectares as the EEC and uses one-quarter of the amount of fertilisers per hectare, whether for new crops such as soya or for expanding existing crops including every-thing from tea to asparagus. It



Harvesting wheat at Adana.

has the third largest cultivated area in Europe, coming after only France and the Soviet Union. The term the "Anatolian Plateau" is misleading since only one-sixth of the arable land has a slope of less than one in eight and two-thirds of the country suffers from some form of soil erosion. In the granary areas on the Konya plain, for instance, there are near "dust bowl" conditions. But none the less major changes have taken place in the provinces.

The number of tractors has risen from 44,000 in 1962 to 315,000 last year. Fertiliser consumption rose even faster, from 214,000 tons to 5.5m. tons in the same period. But Turkey has still only one-eighth of the number of tractors per thousand hectares as the EEC and uses one-quarter of the amount of fertilisers per hectare.

Plans to improve these ratios have inevitably been affected by the present economic crisis, but

the long way to go reflects the traditional neglect of the provinces by Ankara. Four-fifths of Turkey's villages, for instance, remain without electricity. In recent years Governments have ensured large transfers from the budget to the peasants by fixing the levels of support prices for a wide range of goods on social rather than economic grounds. But there has been relatively little capital available for investment projects. To-day it accounts for 59 per cent of employment in Turkey and some three-fifths of the country's exports, yet during the 1973-77 five-year plan only 11.5 per cent of the investment foreseen went to agriculture. Equally, there has been neglect of the social consequences of the changes which have taken place. The spread of communications and the growing use of tractors has contributed to the break up of the extended family arrangements of the past and their replacement by nuclear family relationships. Migration to the cities has become the practice so that by 1965 three-fifths of the population of Ankara and Istanbul had been born elsewhere.

The government's long-term plan is to reduce the share of unemployment in agriculture from 59 to as little as 10 per cent by the end of the century. Its plan is to do this by creating jobs outside agriculture in the provinces, rather than encouraging yet further the flight to the cities. Even so the resulting unemployment is going to swell yet further the existing labour surplus. One attempt to introduce integrated rural development is now going on in the provinces of Corum and Cankiri north of Ankara. This is a World Bank project, with \$75m. of finance made available. The FAO is also active in Turkey. One of its projects is to help the Ministry of Agriculture develop the methods with which it establishes crop support prices; these, curiously, are announced

after rather than before sowing, meaning the government is thus deprived of one of the usual tools of influencing crop patterns.

System

The aim of the new system is to help Turkey adapt more quickly to changes in world grain prices and to the animal fodder needs of the country. At present the Turks have one of the highest bread consumptions per head in the world but their meat consumption is only one-quarter of the European average. Officials at the Ministry of Agriculture fear that rising expectations and the spread of television may contribute to a rapid increase in this share.

In the long term the need for Turkey to ensure prosperity for the provinces is accepted, at least in theory, by all. The opposition Republican People's Party bases its development programme on the rural sector, would like to see the promotion

of co-operatives and favours the land reform called for in the constitution. At present 10 per cent of those working in agriculture have no land while huge feudal estates exist in the south east.

In 1973 a land reform Bill was enacted and a pilot project started at Urfa in the south-east of Turkey. The Bill now has to be revised as the constitutional court has challenged the provisions on compensation. In the meantime the present Government is dragging its heels on the move. The Minister of Agriculture, Mr. Fenim Adak, comes from the National Salvation Party and the head of this party, Deputy Prime Minister Necmettin Erbakan, recently told a delegation of landlords from Urfa who were complaining at the land reform that it was "oppressive, a violation of the right of private property and a trick of some foreign powers who seek to undermine Turkey."

D.T.

CENIAHS-ISTANBUL

	January-September figures, \$m.		
	1976	1977	Increase %
Total	974	657	-32.5
of which:			
Cereals	24	48	100
Chick peas and lentils	22	18	-18
Tobacco	226	117	-48
Cotton, unprocessed	385	143	-62
Dried figs	4	6	50
Raisins	36	42	17
Hazelnuts	124	157	27
Citrus fruits	32	27	-16
Other fresh fruits	5	11	120
Vegetables	9	9	-

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TURKEY VIII

Troubled labour sector

THE STRIKE AND lockout banners which cover an ever-growing number of factories in Turkey bear witness to the serious confrontation developing in labour relations. After a long period of concern at the increasing strength and militancy of the radical Labour Confederation, DISK, the employers have now passed to the offensive.

The main battle is in the metal industries. Already nearly one-half of the workers affiliated to Maden Is, the main force in DISK, are affected by labour disputes. The employers' organisation, MESS (the acronym unfortunate in English, means the Metal Products Industrialists Union), is now tackling Maden Is head on. As Mr. Feyyaz Berker, President of the Turkish Businessmen's Association says: "The spreading lockout has to work. It is not only a test of strength, it is also the only way out for both parties. If we do not succeed, both sides are doomed. If we lose and are obliged to pay the extreme demands now made, factories will have to be closed and the workers will lose their jobs."

At issue are two main points, labour demands for wages to keep up with ever-increasing inflation and a conflict over MESS's attempts to introduce industry-wide contracts. At present such contracts are only applied in the textile industry where the large number of female workers is reflected in less union militancy. Now, MESS is trying to extend this practice but running into the determined opposition of DISK and Maden Is. These prefer the present system - of factory-by-factory bargaining which means that they can ensure adequate strike funds.

The spreading lockout has been condemned by the opposition party but, for the employers, it is well-timed. Frequent power cuts and the acute difficulties of replenishing stocks of imported semi-

manufactures mean that many factories already faced the possibility of having to close down. Such battles are taking place against a scene where unemployment exceeds 2.5m - 16 per cent. of the labour force - and is becoming the country's most severe structural problem.

The explosive social consequences of such unemployment are increasingly recognised yet the country's development plans have been accompanied by a falling rate of job creation. It is no longer possible to export part of the labour surplus as happened in the ten years up to the 1973 oil crisis when 1m Turks went to Western Europe. Instead, not only is the labour force increasing by 400,000 each year but the government puts emphasis on reducing the share of the labour force in agriculture.

Transport

Last year, of the 14.6m. employed, 59.3 per cent. were in agriculture, 12.6 per cent. in industry, 4.8 per cent. in transport and 4.1 per cent. in construction. The remaining 18.5 per cent. were in services and other sectors. A recent survey showed that three-quarters of the labour force was self-employed. Unionism is a relatively new flower in Turkey. During the British and allied occupation of Istanbul after World War I, strikes and industrial unrest against the occupation forces had helped the Turks win their independence, but unionism was then banned until 1947, and the right to strike was only introduced in 1963. It has still to be extended to the Civil Service, a point in the platform of the opposition leader, Bulent Ecevit.

The older and larger of the trades union confederations is Turk Is. Founded in 1952 with the support of the International Confederation of Free Trades Unions (ICFTU) and sub-

sequent American financial backing, it has followed an above-party policy. Before the election it tried unsuccessfully to bargain with the two major parties, the Justice Party and the Peoples' Republican Party. In August, when the National Front Coalition was reconstituted, it threatened to call a general strike, but this and a later memorandum to the government repeating the threat are, arguably, paper tigers. Its governing body is divided almost equally between supporters and opponents of the present government and it would be hard for Turk Is. to carry the threat through.

With approximately 1m. affiliated members, Turk Is. represents about twice as many workers as DISK, but the majority of Turk Is. affiliates are in the public sector and it is the far more militant DISK which is the Confederation of prime importance to employers.

DISK was formed ten years ago from unions which had broken away from Turk Is., accusing it of supporting the government and employers against the workers. It has since grown steadily, at the expense of Turk Is., with the latest affiliation being the 12,000 workers of Oley Is., the hotel workers and waiters union. On the Right, Hak Is, the Confederation set up by the National Salvation Party, has failed to develop, but MISK, the ultra right Confederation supporting the Nationalist Action Party, has some 50,000 workers and is growing fast. The Party mixes nationalist rhetoric with socialist slogans.

DISK has recently been divided by a fight between moderates, backed discreetly by the leadership of the Republican Peoples' Party, and a large militant wing. This fight has meant that DISK has become too worried about its own unity to mobilise against the govern-

ment's economic policies. A compromise reached in October has led to this unity being preserved. A delegates' meeting is due in December to discuss the future. The man backed by the militant wing of DISK is Mehmet Karaca - secretary-general of DISK. Though recently suspended from duty for one month while tempers cooled down, Mr. Karaca sees unionism as an integral part of the political process. "A mechanism uniting all the progressive forces in the country. Our two main tasks are to create the unity of the working class and with this force to drive the National Front coalition from power."

Turk Is. and DISK have never been able to make common ground but the political context in which Karaca presents DISK's views help explain both the hostility of employers to DISK, and the government's refusal to treat it as an equal to Turk Is. There is little present chance of the introduction of the tripartite collective bargaining covering whole sectors which is advocated by leading businessmen such as Vehbi Koc. Figures on working days lost in industrial action vary according to source, though show a consistent picture of falling from a peak in 1974 until rising again this year. ILO statistics for 1975 show that 664,578 man days were lost and the average strike lasted 45 days; for Britain the figures were 6m. and 74 days.

Settlements

Some recent wage settlements in subsidiaries of foreign companies have included annual wage increases of over 40 per cent, but it is a moot point whether in general wages have kept up with inflation. Certainly during the martial law period of 1971-73 they fell behind inflation.

A recent business survey found that productivity had been increasing by around 5 per cent. per year in recent years. Businessmen claim that once fringe benefits and their share of insurance contributions are included, labour costs per unit of production become higher than in Western Europe, but in Turkey the amount of capital investment per worker is much lower than in the EEC, meaning that direct comparisons between labour costs are, as one labour expert says, like comparisons between apples and pears. However, the overall result is that far from investing in labour-intensive industry, most businessmen see job creation as a risky business.

Despite, or perhaps because of, the scale of the unemployment problem, there is no unemployment cover in Turkey. The four major social security organisations protect civil servants, officers and industrial workers whose sickness, injury and maternity benefits are covered. They also provide some cover to artisans. There are various private schemes covering around 70 per cent. of the workers in the private sector, but still only one employed Turk in every seven is covered by social insurance. The early retirement ages of 55 for men and 50 for women, or after 25 years' service, have to be seen in connection with the low life-expectancy of Turks. As for industrial safety, Turkey's record is disastrous. The death rate in manufacturing industry is six times that in the U.K. and that to coal mining is ten times that in the U.K. figure.

The International Labour Office is now recruiting for a new occupational safety and health centre to start work in January, while the Government has a law before Parliament extending some social security to the agricultural sector. Whether this long-overdue measure will survive the demands for austerity being made by the International Monetary Fund remains to be seen.

It was only three years ago that the Ministry for Social Security was created and it is only now that governments are beginning to realise that they have to do more to help Turkey's golden geese, the 700,000 Turks working in Western Europe. In 1975 remittances from these covered two-thirds of the trade deficit. This year they are covering less than one-quarter of the deficit. Research shows that workers are tending to stay abroad and, as their families join them, to send less funds to Turkey. There is no programme to help the "privileged" who have worked abroad to reintegrate into Turkey. In October the ILO started a project aiming at ensuring the Turkish migrants have information from the Press and radio on the problems they and their families face. The intention is to carry out similar programmes for other migrant workers in Western Europe.

John Garner
Editor, Cotton Outlook

Cotton sows its own success

IN THE WORLD of cotton, as in so much else, Turkey stands apart. Among the largest producers and exporters of raw fibre, she has an almost unrivalled record of expansion during the past 20 years. Bitter political conflict may have threatened the very foundations of the country for much of that period, yet successive administrations have recognised in cotton a golden opportunity for economic advancement, and have provided for its well being with a strength of purpose rarely found elsewhere.

The ingredients for success, it must be admitted, were Turkey's in abundance: a tough, hard-working agricultural community; vast areas of land amenable to irrigation; proximity to the mills of Western Europe, and in earlier years, a U.S. ally eager to provide capital assistance at the periphery of Russia. But to succeed as Turkey has done, one needs more: one needs diligent scientific research to ensure that cotton will flourish on new land, one needs firm centralised control of quality assessment to maintain one's reputation in the export markets, one needs courage to sustain a policy in times of doubt. All these Turkey has had. She has also occasionally had a modicum of luck.

Cotton has of course always been grown in Turkey, and even before the Second World War, the fibre was produced in sufficient volume to sustain a fairly large, if rudimentary, domestic textile industry. However, as for so many other developing countries, the springboard for Turkey as an exporter was the price support policy operated in the 1950s and early 1960s by the U.S. This arrangement, conceived as a method of guaranteeing a "fair price" to the U.S. grower, developed into an immense stock-holding programme which ultimately so restricted price movement that any foreign grower who could produce at fractionally below U.S. support levels was virtually assured of a market.

Since cotton needs intense and prolonged heat for its successful production, its cultivation in Turkey is confined largely to the Aegean region, which surrounds Izmir, the ancient trading port of Smyrna, and to the Cukurova or southern region, which describes a huge area around the point at which the Turkish coastline turns sharply southward towards Syria and the Lebanon. The former region should produce around 225,000 tonnes of cotton this season and the latter a little more than 300,000. The less

intensively cultivated Antalya region, which lies between them, may grow 50,000.

To the casual observer, the impact of cotton in the old town of Izmir is not conspicuous, as more broken terrain precludes immediate perception of the scale of the activity. The south, in contrast, brazenly proclaims the foundations of its wealth. There are farmers in that part of the world whose new-found fortunes, on which the national exchequer makes astonishingly few demands, bear comparison with those amassed in an oil-producing State. Adana, the inland centre of commercial activity, now boasts excellent roads to all the outlying districts. A brief drive to any will reveal a thriving cotton farming community evoking memories of parts of the U.S. mid-south.

Evidence

Confronted with such evidence of success, one can lose sight of the fact that the nation as a whole is in dire economic difficulty. Inflation is disturbingly rapid, a second devaluation of the lira is thought to be imminent, and the country's foreign exchange resources have fallen to alarmingly low levels.

Being a man of such importance, the cotton farmer has for some years enjoyed a position of special privilege. Most countries choose either a central marketing organisation for disposal of their cotton crops, or a private enterprise trading system. Turkey, very sensibly, maintains both. Some weeks before the late-summer harvest, the Government declares a price at which the huge cooperative organisations, which are the recipients of generous Government credit, guarantee to buy cotton from the grower, thus creating a virtual minimum price for the ensuing season.

Yet the farmer is free to sell his production to the private trade, who maintain well organised exchanges and whose members operate a system for ensuring that no exporter sells at a price prejudicial to the national interest. The cooperatives and private systems thus coexist to the advantage of the grower: should demand be good, a larger proportion of the crop will pass through the private sector, whereas the cooperatives will handle the bulk of the crop in a poor year. So strong is the political influence of the grower, that the guaranteed price is not infrequently set at a level regarded abroad as

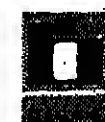


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D.T.

Mineral wealth still largely untapped

THE TURKS have long prospected their minerals in a haphazard way to the villagers who find gold bracelets under their mattresses. They are proud of what they have but distrust outside interest. The result is that a country's underground wealth is largely unmapped and unexplored.

Turkey's petrol production covers less than one-fifth of its needs and its fuel import bill has so far this year been higher than its total export earnings. As for its non-fuel minerals and metals, the proven reserves in Asia Minor include the world's third largest deposits of chromium, huge borate deposits and exploitable reserves of metals such as tungsten, copper, lead and zinc. Turkey has also just found out at it may have the world's largest reserve of uranium, with West German reports saying there are potentially 6m. tons of the metal under the Black Sea, though the technology to extract this economically has not yet been developed.

The availability of crude oil on the Ramandag fields in north-east Turkey has contributed to the way that Governments in the past have relied heavily on oil as an energy source and have followed a policy of keeping petrol prices low. It was only this September that these were finally allowed to reach the equivalent of 75 pence per gallon. The Minister of Energy and Natural Resources, Mr. Kamran Toman, says that to everyone's surprise this was followed by a small increase in consumption. Longer-term measures to reduce Turkey's dependence on oil include the present emphasis on lignite-based and hydro-electric power stations. In the short term the Government is considering limiting weekend motorway and is boosting local exploration activities.

In 1976, Turkey extracted 6m. tons of oil from its fields. A recent report by the Ministry of Energy estimated its reserves of crude oil and natural gas at 11m. tons on a conservative basis and 10bn. tons if the most optimistic figures are taken. Foreign oil companies point out, however, that such figures are misleading in that the Turkish fields are fractured and oil quickly to salt water.

Onshore, the Turkish Petroleum Administration, TPAO, is trying 28 rigs from Romania step up a programme which is already seen as carrying out a large number of drillings. Offshore, five wells are planned in the Marmara Sea and inside Turkey's territorial waters in the Aegean. Turkey's survey vessel, the Sismik I, is continuing its seismic work, though the time being is staying inside the areas of the Aegean coasted with Greece. Foreign companies say the findings of the Aegean so far are not encouraging, though Mr. Ismail Kafescioglu, a Deputy Director of the TPAO, says more research work is needed. "For us the most promising areas are the Gulf of Saros, north of Dardanelles; in the area between Imros, Tenedos and the south of the Dardanelles; and north and south of both Midilli (Mithras) and Sakis (Samos)."

The Sismik's prospecting the last two and other nearby areas which caused Greece to bring the Aegean dispute to the Security Council in August 1976. Today, Mr. Kafescioglu says Turkey has no intention of bringing the present talks between the two countries by carrying out fresh survey work in the disputed areas, though warns "If the talks go on forever then we may reconsider our position."

This dispute makes the Aegean unattractive for the majors while bureaucratic delays in Turkey and worries about being paid on time seem to have lain behind one U.S. drill-log vessel cancelling a planned trip to work in non-controversial waters.

Inside Turkey too the foreign companies have had problems which make them reluctant to expand their liabilities. Before the elections their worry was that the opposition Republican People's Party would be returned. In 1974 the Under Secretary of Energy in the seven-month RPP government, Mr. Toman Koprulluer, had clamped down on their operations. Now BP is continuing its negotiations to sell its 17 per cent share in the 3.4m. ton Atas refinery at Mersin to the state. However, its partners, Mobil and Shell have no such present intentions and with the right-wing National Front coalition back in power there has been some slow progress in settling their grievances.

Mr. Inan says that the government is now reconsidering Decree 20 of 1974 which established refinery margins for indigenous crude and which has been cumbersome to operate given the fluctuations in market prices. Refinery margins for crude imported prior to October 1975 were corrected on a backward basis this spring. The oil companies found the settlement satisfactory and are now awaiting an adjustment for subsequent operations.

Delay

The rise in pump prices has also helped settle another major problem. The government's delay in making the payments due to Chem from the Petrol Stabilisation Fund. This fund was set up to balance the difference between production costs and the pump prices established by the government. By September BP was owed about £15m. and Mobil about £45m., causing both companies cash flow problems. With the new prices the companies should make payments into the fund but they now keep the cash in question and mark down their claims on the fund.

An earlier dispute between Turkey and the majors over what price they should receive for oil has been largely resolved. The dispute arose after the RPP government decided that the price should be the lowest one at which Turkey was able to buy crude — and then took advantage of the low price it was getting from the Iraqis because of Turkey's tough line towards the Iraqi Kurds and allowing large supplies of water through its dam on the Euphrates. The oil companies thus found themselves asked to supply at prices below those they could obtain elsewhere but were obliged to supply by the law which requires them to keep their refinery operating.

Now, like all companies they have been affected by Turkey's foreign exchange crisis. There have been delays of three months on payments for crude and of nine months on payments for lubricants, chemicals and tin plate. Profit transfers have also been delayed. The various visits by Turkish Ministers to Middle Eastern countries and their attempts to

play the card of Islamic solidarity have so far failed to win Turkey more than a slight improvement in credit terms from the oil producers. But the opening in June of the 612-mile Iraqi-Turkish pipeline has considerably eased the pressure. This has an annual capacity of 30m. tons. Turkey's option on 40 per cent of the throughput guarantees it 14m. tons, which is the level its imports are expected to reach this year. Pumping was interrupted for 10 days in July following sabotage: a bomb exploded, rupturing the pipe, in Turkey close to the Syrian border.

Adding to the import bill has been the way that for the first time in many years Turkey's refining capacity has become inadequate for the Turkish market. Instead of exporting refined products, a process which earned Turkey \$16.2m. last year, it has had to import them. Refinery expansions in hand should lead to a balance being struck again in 1979 while in 1980 it is hoped that the 5m. ton per year Central Anatolian refinery being built with Romanian assistance will start operation. A further refinery, to be built on the Black Sea, probably with Soviet assistance, is now being discussed, with the intention being that this should start up in 1983.

The problems faced by the foreign oil companies in Turkey have been even more marked for mining companies. The last large foreign operation here was that of Borax Consolidated. But this was nationalised at a price the company considered inadequate. As for present investments, these are mainly aimed at building up self-sufficiency rather than making Turkey a major exporter.

In this sector the state, which generally acts as the godfather of Turkish industry, is dominant. Four-fifths of metallic ore reserves and two-fifths of those of non-metallic ores are owned by the State. This has an exploration agency, Maden Tetkik ve Arama, and owns and operates plant, through the Etibank, which is named after the Hitrites but is one of the more active state enterprises.

The sector has numerous problems. Projects are usually delayed because of bureaucratic problems. There is a shortage of the large capital sums required and of the personnel necessary. Both port facilities and the railways are inadequate and there is an acute shortage of electricity. In October two of the four units of the 60,000-ton per year Soviet-supplied aluminium plant at Seydisehir, near Konya, were closed down to save electricity. Turkish officials had already had to back down from the initial plan of paying for the plant by exporting much of the factory's production. As in so many cases demand forecasts had been far too conservative and the opening of production plants gave an unexpected boost to demand. Plans for doubling the plant's aluminium capacity in the next two years and quadrupling it by 1987 have had to be reappraised.

Exports of mining and quarry products in the first eight months of the year totalled \$73m., 7 per cent of total exports and 11 per cent higher than in the same period of 1976. There were large increases in shipments of magnesite and borates (to \$10m. and \$30.7m.) but a drop in exports of chrome ore (to \$23.3m.). The drop in chrome exports has to some extent been compensated for by

the start up of exports of high-carbon ferrachrome from the new plant at Elazig built with Japanese know-how. But none the less Turkey had hoped for more following the Carter administration's decision to apply the UN boycott on Rhodesia. The Elazig plant, which should reach its full 50,000-ton per year capacity in 1978, is to be expanded in the future to 100,000 tons by 1982 and 150,000 tons by 1984.

Surplus

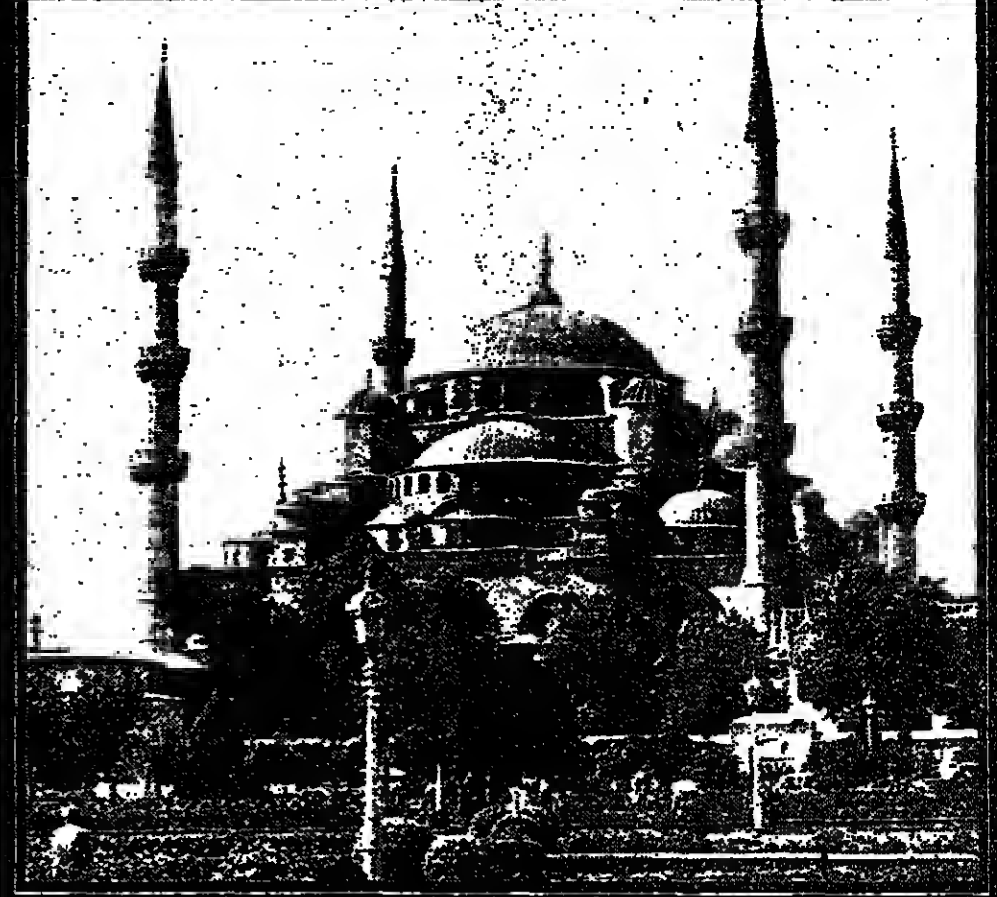
Despite the opening up of the Cinkur lead and zinc plant at Kaysari this year State Planning Office officials do not see any possibilities of Turkey developing an export surplus in the near future. There have been problems with copper owing to a lack of ore-concentration equipment. This has meant that even though present consumption is less than one half the installed capacity of the Etibank's three plants Turkey is still expecting to import a total of 7,000 tons of copper this year.

More burning, however, are the questions of tungsten and uranium. Tungsten is no longer on NATO's list of strategic minerals but is valuable for weaponry. A tungsten oxide plant is now being established

on Uludag, one of Turkey's several Mount Olympuses, above Bursa. Discussions are still going on with a Japanese group on the best process to be incorporated in the plant. While this plant could start up soon, the question of uranium is a long-term one. Various low-grade deposits have been found in Anatolia, with a potential 11,000 tons of uranium oxide, mainly at Mazidag near Karates and Koprubasi near Salihli.

These will be hard to develop, and in any case interest has faded beside the report by Professor Degens of Hamburg University that some 6m. tons of uranium could lie in Turkish waters in the Black Sea. The Professor says that there are uranium deposits in a layer 80-100 cm. thick at a depth of 1,000-2,000 metres. "It is of a very high quality because the fossil and other residues are bottled up in this closed sea. Because there is no life below 100 metres in the Black Sea, the uranium layers are not covered over." The Professor told the Turkish newspaper, Milliyet. He estimated that each ton of deposit could give 100 grams of uranium, but he warned that it would take several years to develop the technology which could make it economic to exploit the deposits.

D.T.



TURKEY

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(W. Shakespeare)

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on is important to the Turkish economy. This is the state owned Sümerbank iron and print plant at Izmir.

TURKEY X

Men at the top

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Fahri Korutürk

IN 1935 KEMAL Atatürk, the founder of modern Turkey, impressed by the bearing of a naval officer whom he saw in a restaurant, called the officer over and said "We have made some reforms and entrusted them to Turkey's youth. These reforms must be defended by young men such as you. I am giving you the name 'Korutürk' - Defend Turkey."

It was a time when Turks were choosing surnames. Few were dubbed by Atatürk himself, yet 38 years later Fahri Korutürk, by then a retired head of Turkey's navy, was to become President of Turkey and find his main task the protection of the reformist legacy of Atatürk.

His four years in office have been a difficult period. Coalitions have been necessary yet harder to maintain. The politicians have been quarrelling more than governing. Inevitably the demands on the Presidency have grown.

Those who had hoped the President would act to solve the continuing crises have been disappointed—and were perhaps bound to be. The President's powers are limited, being those of control rather than initiative.

But as a retired officer—like all Turkish presidents since the military revolution of May 27, 1960—Retired Admiral Korutürk also represents the military. And by downplaying this aspect of his power he has arguably helped strengthen the civilians' role in the future.



On this page, DAVID TONGE looks at the records and achievements of some of the leading figures who have been instrumental in shaping modern Turkey

Alparslan Türkeş

HEAD OF the fastest growing political force in Turkey, retired Colonel Alparslan Türkeş, attracts more fear than admiration. In the June general election his extreme-right Nationalist Action Party built up its strength from three to 16 deputies. It is expected to make further gains in the December 11 municipal elections. But it is the extra-parliamentary activities of the party and in particular its disciplined commandos which caused one present minister to draw parallels with the early days of Hitler.

Mr. Türkeş, who graduated from Istanbul Military Academy in 1938, was arrested briefly in 1943 for advocating that Turkey should join Hitler in attacking the Soviet Union so as to liberate the Turks there. The pan-Turanist dream of uniting the Turks of the world is central to his creed and his youth's symbol is the grey wolf which tradition says led the ancient Turks to their conquests. To-day his followers howl accordingly to honour their leader.

On May 27, 1960 it was he who read out the military pronouncements on the radio but one of the leaders of the revolution says "That January, when we were planning the overthrow of Menderes, Türkeş told us that we should set up a permanent military dictatorship. This caused us to stop inviting him to our meetings. We only brought him in later as he promised to arrange the support of some airforce units. But when we took power the units did not show up. Some months later we sent him as military attaché to New Delhi. He still wanted a permanent dictatorship." Colleagues from the army compare his lack of organising ability then with his apparent skill now and question whether the plans he acts on are made by others.



Mr. Türkeş is an effective orator, is filling the five minutes he controls with national and socialist slogans to attract workers to his trade union federation, MİSK, and has built up a force of commandos who have been active in the often fatal clashes between left and right. Given a flickering green light by the police, the commandos were blamed for the killing of a peace officer. Mr. Türkeş's own low-profile talk of a "peace offensive" contrasts with an early speech which the opposition interpreted as being an encouragement to violence. In his speech he said "There is no going back on the cause." His followers should kill enemies if he were to do so. He sees as confirming the nature of a growing threat to democracy from Turkey's extreme right.

Semih Sancar

THE TURKISH ARMED forces are the vigilant guardians of Atatürk's principles, of reforms and of democracy against extremist fringes. This sacred duty will continue for eternity." So General Semih Sancar, Turkey's Chief of General Staff, said in his message for the country's national day on October 29. It was a reaffirmation of the reality of the "Turkish model of democracy"—a reminder that parliament has the armed forces looking over its shoulders from the wings.



General Sancar, affable and with a sympathetic ear, has been a survivor, his term of office twice extended since he became head of Turkey's military machine in March 1973. Martial law commander of Ankara during part of the period of indirect military rule following the commanders' ultimatum of March 12, 1971, he had less of a reputation for toughness than his fellow commanders—even though Ankara like most Turkish cities was the scene of extreme torture.

General Sancar took over with the military humiliated by the politicians' refusal to elect his predecessor as President and demoralised by the unpopularity they had developed during their attempts to run the country in a style akin to that seen in Latin America. His attempts to correct this situation received an unexpected fillip when the invasion of northern Cyprus won the military back its prestige, at least at home. Abroad it was of course a different matter. At the time General Sancar said that the Turkish advances on

Cyprus would lead to more rather than less U.S. aid. But for the past three years he has had to deal with a Congressional arms embargo which has caused strong resentment and led General Sancar and his colleagues to fear that anti-Americanism could become a permanent trait, particularly among the younger officers.

Also, though in 1974 praising the then Prime Minister, Bülent Ecevit, General Sancar has since mainly had to deal with Süleyman Demirel as Prime Minister. He has been more successful at keeping the military out of politics than politicians out of the military. This summer has seen his prestige and hence his authority weakened by his siding with Mr. Demirel in advocating General Ali Fethi Esener, then head of the third army in Erzurum, as the new head of the land forces. The posting is a crucial one. The new head of land forces can expect to succeed General Sancar when the latter is retired next March or, at the latest, in March 1979.

Korutürk has always stressed the importance of Atatürkism. This is a broad creed in which many groups can find support for their beliefs, but in his first speech as President Korutürk emphasised its reformist aspect and talked of the need to end exploitation. To-day, reacting to the Government's recent austerity package, he said he was "awaiting with curiosity" measures to help those with fixed or low incomes.

Korutürk's naval career saw him rise from naval attaché in Rome and Berlin to the post of chief of intelligence at Turkey's general staff. In 1957 he became commander of the navy. During a visit to his counterparts in the U.S. he was offered an evening at My Fair Lady but said he would prefer to hear Tchaikovsky. On May 27, 1960 his name was on the list of officers who overthrew the increasingly dictatorial Adnan Menderes and who ushered in the country's present liberal constitution.

He served for four years as ambassador to Moscow, a period which coincided with the end of the cold war between the two countries. He was then appointed

Ankara to Ankara airport when he set off to inspect units in Istanbul and elsewhere. He was fearing trouble from General Ersun who had been laying the ground for a military intervention. Now the military is off the stage but its indirect influence is as strong as ever. Its pension fund, OYAK, with forecast end-year net consolidated assets of \$85m, is a growing economic force. And, as General Sancar makes clear, in the "Turkish model" as in the theatre, the wings and the stage are only one step apart.

Hicri Fisek

A GENTLE, CULTIVATED liberal who was once chairman of the Council of Europe's Committee on Higher Education and Research, five months ago Professor Hicri Fisek was plucked into the centre of a political storm which, continuing to-day, is indicative of the problems of Turkey's troubled universities.

In June he and four other moderate academics agreed to fill the vacancies on the Board of Middle East Technical University, long the pride of Turkey but closed since February because of violence. Appointed by the short-lived Ecevit government, they ran into immediate difficulties with the four conservative trustees remaining from the past, and when on May 18 General Sancar with the legacy left behind by Dr. Fisek and the new hard soldiers posted every 50 yards of the 25 miles from a supporter of the Nationalist

Action Party of Mr. Türkeş had dismissed the complete administrative staff and replaced them with Türkeş supporters. Also, in an attempt to tackle the students, the great majority of whom are pro-Marxist, he had taken on 300 "workers." These have since been involved in 17 separate clashes with the students: even the Minister of Interior, Mr. Korutürk, admits many of them are right-wing commandos.

Mr. Tan's handling of affairs was largely responsible for the university with its 10,000 students being obliged to shut down in February. Managing to reopen it this month has been something of a personal triumph for Dr. Fisek and the trustees appointed with him. The other trustees refused to meet them before resigning last month. At that time Mr. Özal had asked Dr. Fisek and the new appointees also to resign. Bomb explosions the next night outside the houses of Dr. Fisek and one other trustee made them reject any such thought. Now President Korutürk is refusing to sign a government decree dismissing them.



Dr. Fisek has always been involved in education, and one other trustee made high school and of the Children's Village project refusing to sign a government decree dismissing them. A moderate by character, Dr. Fisek, who is 69, now finds himself acting as moderator rather than fighting and blast and a body of militant and at present united students. It is a curious role for a man who has spent 30 years teaching private international law and who, like Willy Brandt, is one of the three doctors honoris causa at Strasbourg University. He remembers teaching at METU who are not with them against them. Our present political life is a rupture.

Kemal Türkler

A ROBUST, HARD-LIVING 50-year-old, Kemal Türkler, one of the founding fathers of trades unionism in Turkey, has spent most of his 30 years as a unionist leading the radicals against the moderates. To-day he is fighting a battle the outcome of which is liable to decide whether DISK, the radical trades union confederation, will back down from policies which have brought it into conflict with industrialists.

Throughout the 1950s and early 1960s Mr. Türkler pressed his case within the country's then single labour confederation, Turk Is. He opposed the way Turk Is. accepted funds from AİD. Single-handed, he blocked attempts to turn the socialist Turkish Labour Party, TİP, into a broad social democratic grouping with Turk Is. taking the party over. Later he started an attack on Turk Is. for being a "bosses union." He led the more militant unions out of Turk Is. and in 1967 set up DISK. To-day DISK has nearly 500,000 workers affiliated to it and has become far more important to employers than Turk Is. the latter, though larger, mainly represents state employees.

Mr. Türkler's own power base within the confederation is the large Maden Is., the metal workers' union. It is this which the employers have decided to tackle head on, as described in a separate article on labour relations. But Mr. Türkler, while having to deal with this dispute, has also been fighting for survival. In August he began advocating the formation of a United Democratic Front against the Nationalist Front coalition. The idea is not new. It was first put forward 25 years ago by Bizim Radyo, the radio station in eastern Europe supporting the (illegal) Communist Party of Turkey. But the question of the UDF became the catalyst for an attack by moderates on the various left-wing "experts" brought in by



the Türkler administration and on his secretary-general, Mr. Mehmer Karaca. The dispute was quick to be presented in the local Press as one of Social Democrats versus Communists. There were similar attacks on Mr. Türkler in the 1960s. This time the attacks reflected the nature of the dispute, though to the Karaca group the battle was "an attempt by monopoly capital to deal with the growing power of the workers by dividing them." During the dispute Mr. Türkler sided with the militants, but recently backed away from a complete showdown. Now Mr. Karaca is temporarily in the background, organising like Mr. Türkler, for the special congress of DISK due on December 20. Mr. Türkler, a bon viveur, is known for his long speeches, his determination to run affairs and his stubbornness. It is a fair mixture for a militant and has seen him in trouble with the authorities in the 1950s and in prison briefly in 1971 in connection with battles between police and workers during a strike. Labour experts like Professor Zafiri of Istanbul University would say he is less ideological than pragmatic, a man with firm ideas about his members' interests, who will press pay claims as well as demands for workers rights during Ramadan, the Moslem month of fasting.

But Mr. Türkler is also a born tactician: why is determined to keep his place—and having survived tougher battles in the past could survive DISK's December congress, provided that is, that Maden Is. survives its battle with the employers.

Advertisement for Cam Pazarlama A.S. featuring pharmaceutical and cosmetic bottles, soft drinks, and food containers. Includes a list of features like 'In oil common colours' and 'Capacity: 500,000 units p.a.' and contact information for Istanbul, Turkey.

Advertisement for the Turkish Trade Directory & Telex Index, 1978 Edition, 850 pages. Lists prices for Europe and America, and provides contact information for the publisher, Ciro Costante.

Advertisement for Ottoman Bank, listing branches in Istanbul, Ankara, and Ismir, and other towns throughout Turkey. Includes the bank's logo and contact details.

مركزنا للأعمال

TURKEY XI

Communications bottlenecks threaten development

KEY IS a bridge on many. The battered carcass of the past are an... of the role it used to... in linking Europe and Asia... on transit trade along the... "silk route" through Asia... were one of the main... of income of the Otto... Empire. To-day the Turks... become increasingly deter... to make use of their geo... position to finance... development.

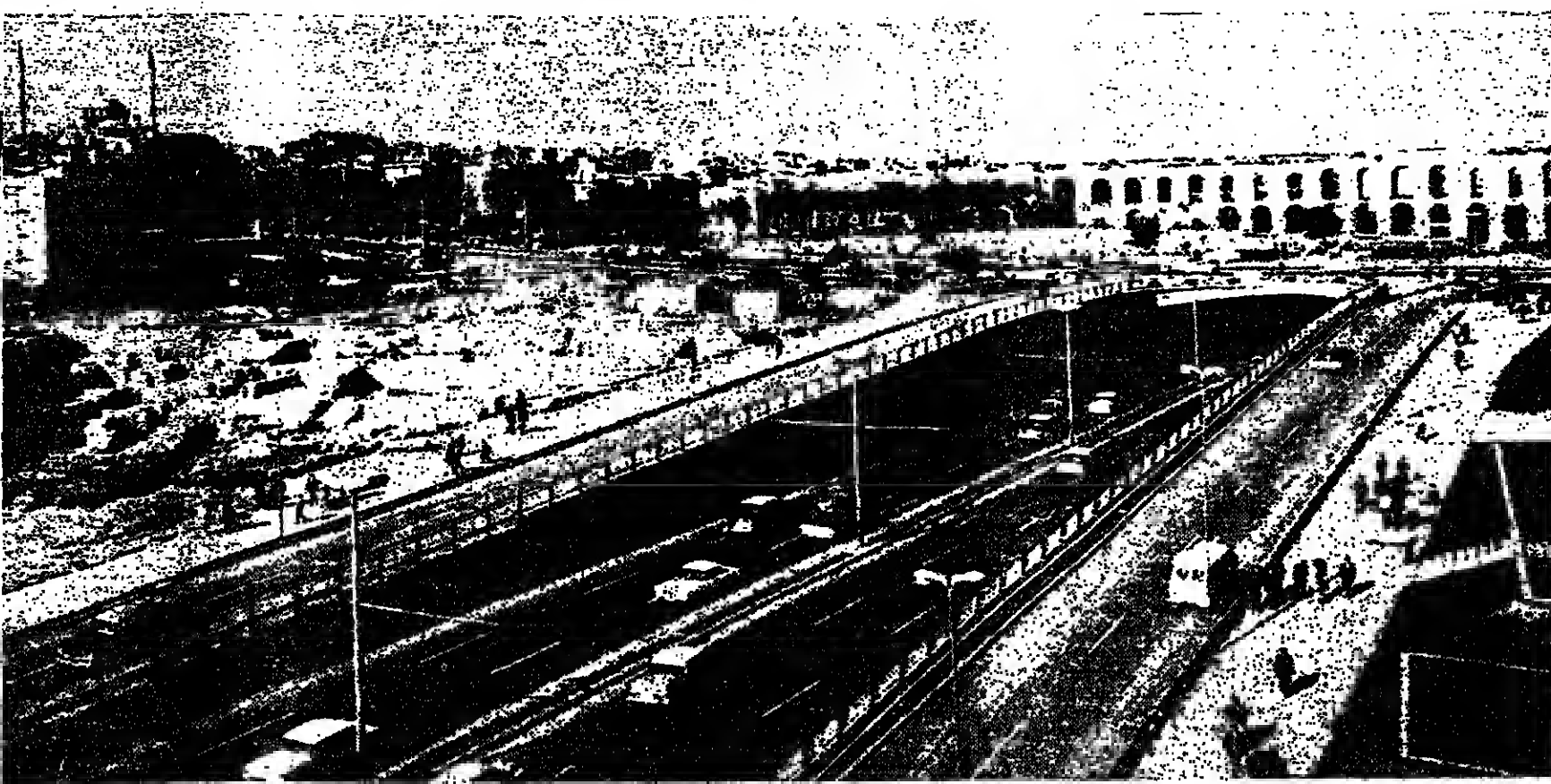
opening of the Bosphorus... in October 1973 came... before the jump in oil... prices and was followed... boom in imports by the... producers. But delays of... 200 days in the ports of... Gulf obliged these countries... expand their overland sup... Much of this came on... lorries. In 1972, 10,261 of... had transited to Turkey... 10 years later this figure... had 24,205 and in 1976 it... up to 100,000.

At the same time there was... hort-lived boom in combined... sport. Shippers estimate... t in 1975 one million tons of... arrived in Turkish ports... be loaded on to lorries or... wagons and moved on to... and Iran. This year a... fraction in the degree of con... of these countries' ports... led to a considerable fall in... the through Turkey—perhaps... as low as 200,000 tons... tending to one leading... older.

rowth

Plans to help meet the fore... st growth in TIR traffic in... a second bridge across... Bosphorus and building the... Turkish section of the Europe... highway. The Government... announced that the founda... stone of the new bridge... will be laid next year on... the anniversary of the Otto... conquest of Byzantium. The... first bridge is already near... capacity and with it having... self-financing the Turks... encouraged to proceed with... second one, with a crossing... the Dardanelles, and a... lway tunnel under the Bos... orus. The engineering design... on the first project, which... have a 1,215-metre span and... around \$52m, including... roads for which a... other \$310m, will be required... now being carried out by... Sankar Post and Partners. The... who designed and... revised construction for the... bridge. The Dardanelles... is still a mere dream... feasibility studies on the... way tunnel have been com... and engineering design... of what is expected to be... 200m project is about to... All three projects are... by town planners who... for the same funds to be... on mass transit in the...

Italian consortium has... a study of the... 8-kilometre trans-Turkey... way, though the Govern... has reportedly found the... "insufficient." It is plan... to approach the World... for help in finding the... necessary. The... is now five years since a... way link to Iran was com... but in general commun... are a major bottleneck.



Ancient and modern Istanbul; the traffic underpass near the 4th Century Aqueduct of Valens.

Referring to them, Prime... Minister Süleyman Demirel... while boasting that Turkey... will be the world's tenth... largest industrial power by 1995... that today it is a plant in... child's clothing.

To the visitor the most im... mediately sensed problems are... the traffic jams in the cities... and the difficulties with tele... phone and telex communications... The situation has considerably... improved in that there are now... far better links between the... cities of Turkey, but tele... xing abroad is all but impos... sible during normal working... hours and telephone calls are... subject to long delays. Semi-... automatic lines to West Ger... many have just started opera... tion, but the benefits of the... new 480-channel coaxial sub... marine communications link... between Italy and Turkey... have still to work through. This... was opened in October and there... were promises of automatic... connections. But the link between... Antalya, the Turkish terminal... of the cable, and Ankara has... still to be completed. Post... officials have been telling dis... appointed subscribers who insist... on automatic connection: "Go to... Antalya!"

Facilities

Turkey's ports suffer from a... serious lack of bulk handling... and storage facilities, shortcom... ings which cause particular... problems during the seasonal... pressures caused by most of... Turkey's exports being agricul... tural goods. By diverting cargo... from the main ports to smaller... towns, it has managed to ensure... that the delays have rarely been... crippling. There was a 17 per... cent increase in cargo between... 1975 and 1976. Figures from... the Ministry of Communications... show that a mere 22 per cent of... Turkey's trade goes through... Istanbul and that the most... active port has now become... Meris on the south coast. Apart... from agricultural exports, this... port has been handling a... considerable amount of com...

bined transport and of the con... tainer traffic which has begun... to flourish here.

Four-fifths of the trade is... handled by ships flying foreign... flags. The Turks have little... tradition of seafaring; their... most famous admiral, Barbarossa... was from the Barbary Coast. Ship... owners complain of the lack of... incentives and the better returns... on capital available in other... fields.

The shipowners also argue... that they are discriminated... against by the way that a 5 per... cent harbour tax is imposed on... all goods imported by sea—and... may be increased. They point... out that no such tax is levied on... goods coming by rail, air or... road.

This tax has been an incen... tive to TIR trade traffic to Tur... key, but none the less the main... TIR traffic is transi... The Jug... osernauts in question are far... from popular in Turkey. They... have added to the congestion... on roads which the Prime Min... ister says are already carrying... five times the traffic for which... they were designed. One result... is that journeys take longer and... another is an increase in acci... dents: in 1975 the TIR lorries... going to Iran, about 60 per cent... of the total, killed 192 people... and wounded 414 others. They... were also responsible for 70 per... cent of the damage to the Tur... kish road system, according to... the Government. This spends... an annual \$70m, on road repair... and maintenance.

In a detailed analysis of the... TIR question for TUSIAD, the... Turkish Industrialists and Busi... nessmen's Association, Mr. Berk... Koger argues that Turkey's... transit-trade is not being pro... perly profited from. This is a... point frequently made by Tur... kish Ministers and Mr. Koger... who is TUSIAD's head of re... search, points out how Turkey... has failed to develop the hotels... and maintenance facilities... which could earn it foreign ex... change. He says it has failed to... manage to collect the money it could... for maintenance of the roads and...

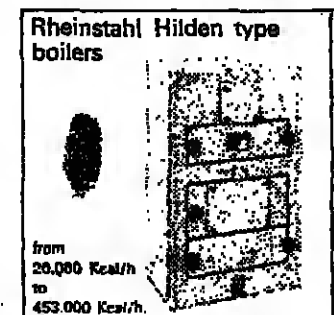
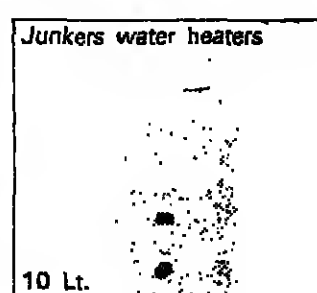
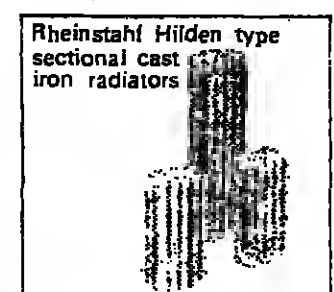
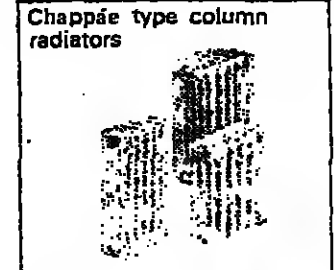
For the cheap fuel it has been... lected range as low as 25 per... cent, according to Mr. Koger... For the time being Turkey's... position seems secure. The... USSR has just rebuffed the... transit charge for Iranian goods... routed to Europe and in any... case weather conditions north... of the Black Sea are far less... favourable to traffic than those... in Turkey. With no other land... bridge feasible and the Soviet... rail gauge different from the... Western Europe's Turkey's... bargaining position is strong. It... needs huge sums to carry out... the expansion of roads and... ports which is necessary for the... importers and exporters whose... full dues; estimates of the share... of the legal dues actually col... lected range as low as 25 per... cent, according to Mr. Koger... they should contribute.

But some notes of caution are... also being sounded. "We should... not forget how the silk route... of Ottoman times faded once... the West found the Cape of... Good Hope," says Captain... Metin Leblebicioğlu, director of... the country's largest private... shipping company. Others too... argue that Turkey needs quickly... to consolidate the present land... bridge projects. But gradually... Europe's canal divers trade to... the sea, the port expansions in... the Gulf abolish the present... delays there, and the crowded... Turkish customs posts of to-day... become as deserted as the... caravansera of yesterday.

D.T.

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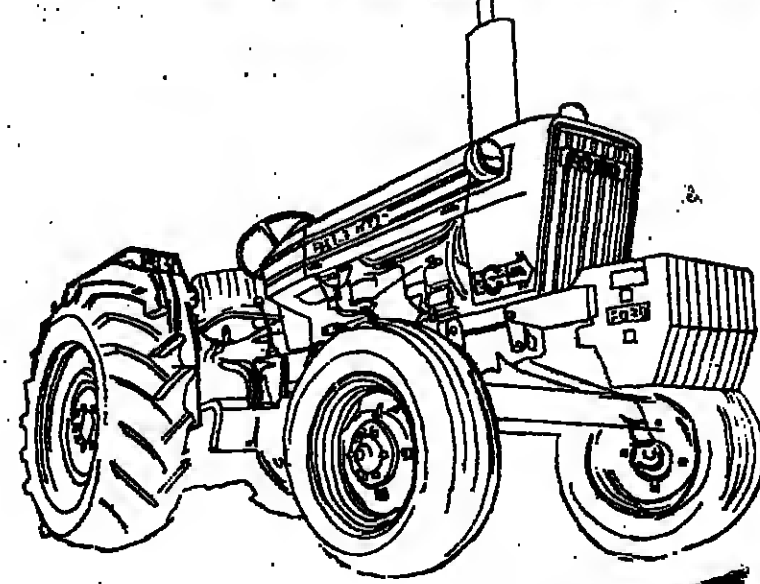
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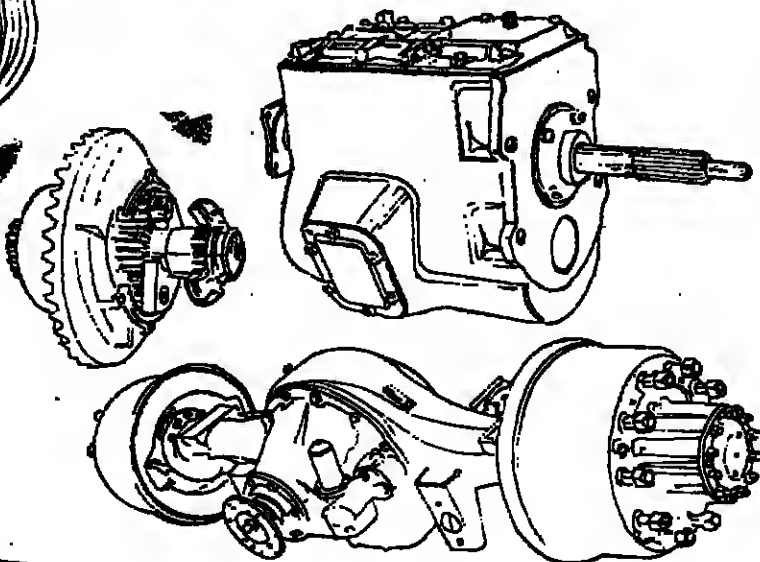
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VEDIER

The Bosphorus Bridge at Istanbul.

Tourism to be tapped

"TURKEY, A FEW days' visit, a memory for life"—the advertising abroad is spreading but tourism remains the underdeveloped sector of a developing country. The statistics are striking. One point seven million tourists visited Turkey last year yet Turkey managed to have a net deficit of \$39m. on the tourist account. Further, while Mediterranean countries rely on tourism to help finance their trade deficits, Turkey, in a far more desperate position than they, has little present intention of doing so.

The country's tourist potential is formidable. You can live in Istanbul for a year and still feel that you have but scratched the surface. The empires of the past crumble on, unconquered by the conquerors of the seven hills and bobbing waters of the city. Istanbul is a place for strolling, over the creaking, decaying piers of the Galata Bridge, across the Golden Horn to the bustle of the old Egyptian spice market and the covered bazaar, on to the monuments of the past

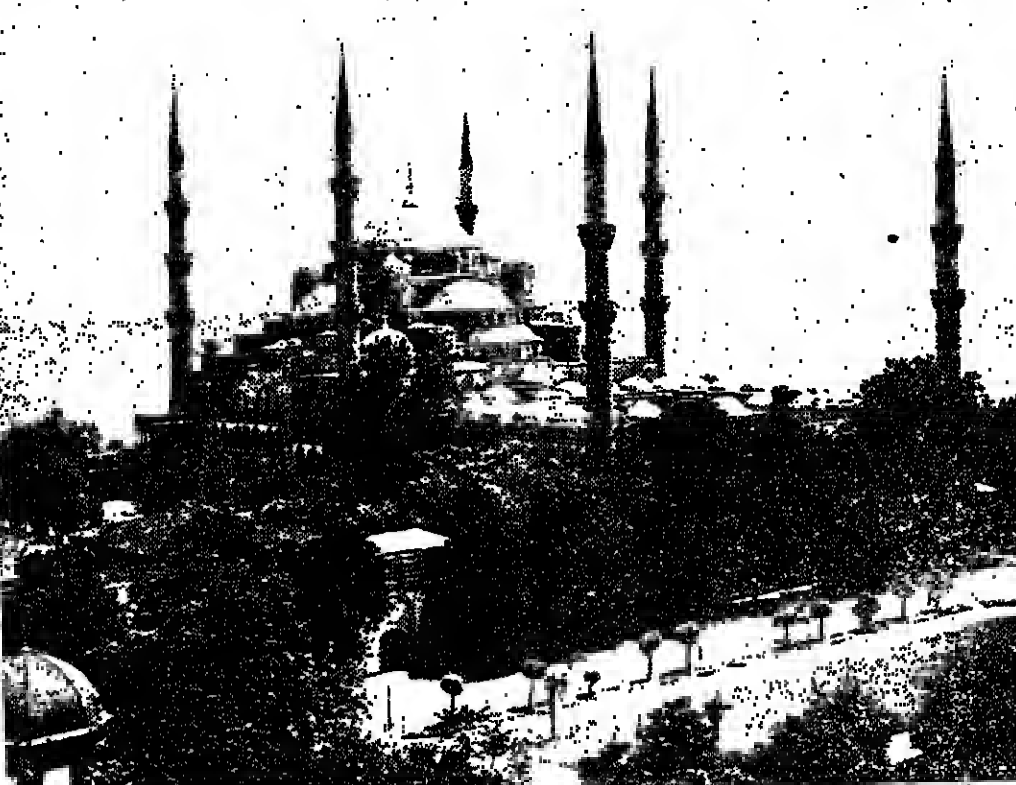
and the plane trees near that symbol of the Eastern Rome, Saint Sophia.

Tucked away between this 6th century glory and the Ottomans' Palace of Topkapı is the perhaps more impressive but little known Saint Eirene, the church of the saint of peace, but used by the Ottomans as their war memorial. This houses the siege guns used twice on the walls of Vienna with the west looking on with horror lest the Ottoman borders attacked them too. As for the back streets, in between the leaning wooden houses are monuments to magicians who gave the Sultans potency, lost Byzantine churches dedicated to saints with names like Bacchus—who was in fact a Christian soldier—and mosques built by Suleyman the Magnificent's prolific architect, Sinan, so Armenian.

Add to this the Bosphorus with its fish restaurants—one of them a 68-year-old Greek troupe—and Theodore Negroponte—and his steamers dating back to 1912 and one understands why many

tourists never reach Anatolia. But that too is a rich realm for the visitor. In the winter one can ski on Mount Olympus above Bursa; in the spring one can follow the camel fighters down the west coast; in the early summer watch the wrestlers covered with olive oil who fight on the fields of Thrace; and through the summer until late October one can swim in the sun of the south and south west.

Anatolia may have as many Greek ruins as Greece and as many civilisations as contradictions yet the visitors who come each year spend an average of only one-half the days of those who visit Italy or Spain and spend much less than half the money. The low foreign exchange earnings—\$108 per tourist in 1976 according to IMF figures—reflect the leakage to the flourishing black market in foreign exchange, as well as the way many tourists come on cruises. An unpublished report by the Ministry of Tourism, the source of many of the statistics



The beautiful blue Mosque in Istanbul

Problems in the cities

URBANISATION HAS been a succeeding central governments. The authorities cannot decide who is responsible for tackling recent flower in Turkey—and latter are given minimal powers, this with the result that is proving an increasingly ugly one. Unplanned and uncared for, the nation's cities have become a challenge to normal life: their problems reaching crisis proportions as their belated growth continues.

Twenty years ago the municipality issued bonds, guaranteed by the government, to build a road. It soon found itself unable to pay the interest and now does not even consider approaching the banks for credit.

Apart from finance, the major complaints of being hamstrung by regulations—which are Ottoman in concept and have in the words of one official, reduced the municipalities to being "mere chattels." He criticises the way the Government long blocked his attempts to move officials within the office and at the way 269 separate state agencies act in his area, many of them without municipal guidance or coordination.

Pressing

Such problems have led to days in tackling such pressing issues as the growing health hazards which both Istanbul and Ankara have become. A dolphin was recently unfortunate enough to wander from the Bosphorus into the Golden Horn. It was soon found dead, poisoned by the industrial waste and sewage which pours into the once Sweet Waters of Europe. "It is a sewer," says the mayor, "the law is helping the municipalities to tackle this has been waiting for parliamentary approval for years. As for an offer made by the World Bank, after long delays plans for a sewage system are now going ahead."

In Ankara, too, similar problems exist in the shape of the cloud of poisonous gas which descends on the city when houses start using their lignite burners. This lasts throughout the winter and is a foot choking finance and planning are only making the existing problems more acute. One major problem is the running war between

D.T.

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مکان من الأصيل

Soviet skills and failures

BY DAVID LASCELLES

SEVENTY YEARS ago the importance of the iron and steel industry was not fully appreciated. It was not until the 1920s that the world began to realise the importance of this industry. In the Soviet Union, the steel industry has been a major success story. In 1955, the Soviet Union produced 10.5 million tons of steel, compared with 10.5 million tons for the United States. By 1975, the Soviet Union had produced 140 million tons of steel, compared with 100 million tons for the United States.

The Russians are good at what has been happening in the West. They have a long tradition of excellence in the steel industry. They have a long history of producing high quality steel at a low cost. They have a long tradition of innovation in the steel industry. They have a long history of producing high quality steel at a low cost.

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T-72 tanks on Red Square on Revolution Day: they could restore a Soviet lead.

In chemicals, the volume of output is still very small by western standards, and the pattern of production comparatively uncomplicated. In the Soviet Union, the volume of output is still very small by western standards, and the pattern of production comparatively uncomplicated. In the Soviet Union, the volume of output is still very small by western standards, and the pattern of production comparatively uncomplicated.

The Soviet Union is able to supply only about two thirds of its own process plant for the chemical industry during the 1960s, and the study says that in many cases progress would have been impossible without western help. Of the world's big industrial countries, the Soviet Union is the only one which is not a major exporter of chemicals. The authors of the study blame a lack of inventiveness in Soviet scientists. Russia has won only one Nobel Prize for chemistry, and had to share it with an Englishman.

The most striking weakness of post-war Soviet technology is in electronics and instrumentation, in spite of the obvious relevance of these to the defence effort. In fact it is still a mystery how the Russians managed to take such a

drastic early lead in the space and rocket race. The most frequent answer is that it resulted from an exceptional concentration of resources and talent, plus the fact that Soviet-occupied Germany included the Peenemünde rocket research station at Rügen.

At its best, Soviet computer technology has been only no more than four years behind the American, using as a measure the number of operations per second of the most powerful model in general production. But more usually the lag has been closer to ten years. The R-16 system currently being developed on a Comecon-wide basis is judged to be comparable to the IBM 360 which first appeared in the mid-1960s. The Western strategic embargo has obviously played a role in keeping the Russians back. But, curiously, another factor appears to be a lack of general demand for computers. Soviet factory managers do not, it seems, welcome the intrusion of ultra-efficient electronic devices.

Similar reasons may lie behind Soviet weakness in the field of instruments and process control, where the Russians are

THE TECHNOLOGY RACE

DEVELOPMENT OF NUMERICALLY CONTROLLED MACHINE TOOLS

	1949	1953	1958	1963	1968	1973
Start of research	2	6	8	12	17	22
First prototype	6	10	14	18	22	26
Start of industrial production	10	14	18	22	26	30
First machining centre	14	18	22	26	30	34
First third-generation control system	18	22	26	30	34	38
First use of computer for control	22	26	30	34	38	42

LAG OF BEST SOVIET COMPUTER BEHIND BEST U.S. COMPUTER (years)

Year	U.S. Computer	Soviet Computer	LAG (years)
1955	4	10	6
1960	9	15	6
1965	14	20	6

(Criterion: Operations per second.)

LANDMARKS IN THE DEVELOPMENT OF ICBMs

Year	Event	Years' LAG (-) OR LEAD (+) BY USSR IN OVER U.S.
1946	First nuclear chain reaction	-4
1948	First production reactor in operation	-4
1949	First atomic explosion	-4
1953	First thermonuclear explosion	-1
1953	First explosion of a deliverable thermonuclear device	+1
1953-54	First M-IRBM test	+2
1955	First M-IRBM operational	+2
1957	First ICBM test	+1
1960	First ICBM operational	-1
1958	First MRV test	-5
1973	First MRV test	-5
1974-75	First MIRVed ICBM operational	-4/3
1968	First solid propellant ICBM operational	-6
1975	First cold launched ICBM operational	+7

* Not yet achieved in the U.S.

Managerial strategy

Mr. M. Borak

What we would like to hear from the leaders of managerial classes at the conference was some new way to break out of the outmoded confrontation and to set up more effective machinery to reach a solution of a dispute. It is in this area that the decision-making, back in the workshop floor and away from the sterile atmosphere of Transport House, would be necessary. Set up committees at various levels in all commercial and industrial companies, on the one side, freely elected representatives of all managerial nominees on the other. This structure is already in place in a number of companies and is common practice in Germany. (2) Make it a duty for every company to have a social audit twice-yearly. A social audit is a benefit of the employees, not with the financial audit required for the education of shareholders. This social audit would cover all of the activities of the company from the chief chairman to the lowest floor-sweeper, including the other 10m workers not belonging to any trade union. This audit would include the way of wages and salaries, working conditions, holiday pay, fringe benefits, pension and so on, as well as the company's obligations to its community and to the commercial success of the company. Managers would thereby be held to exercise their full capacity, not only on behalf of the shareholders, but also the employees whose livelihood they are responsible. Because of the close relationship between management and workers on the floor any inept dispute is anticipated and resolved before it had led to a strike.

Mr. C. F. Folders, London Hill, Sussex.

Letters to the Editor

British care are in the main old established businesses who offer poor exchange rates for their products. They charge full recommended prices, etc. against importers of foreign cars who in every instance offer a better deal and have enthusiasm to sell.

Again, we disagree entirely with the fact that there is a demand for automatic gearboxes in small cars. There is a demand but the distributors do not pass on their savings to the consumer. This refers to your article (page 8, Nov. 2) which says that Automatic Products is giving up making automatic gearboxes for small cars. The second car for shopping would be 90 per cent. automatic if available.

R. G. Kemp, Quayside Road, Southampton.

Forecasts from the Treasury

From Dr. Jeremy Bray, M.P.

Sir, Samuel Brittan is not entirely correct in his account of Treasury forecasts and their publication (London Evening News, 21 November).

My purpose in requiring publication was to expose the absurdity of expecting the Treasury, either publicly or in private, to line up on a single forecast. The publication of forecasts of alternative assumptions of model as much as policy and exogenous assumptions was not, I believe, Sir Douglas Allen's prescription, but my own.

It was to deal with the excessive speculation on the monthly trade figures that Sir Douglas suggested, perhaps with a grain of irony, that we should publish weekly or even daily trade figures, when Samuel Brittan and I were with him in George Brown's DEA. Sir Douglas has made the point that the judgmental setting of residuals or the adjustment of equations, which is one cause of variations in forecasts is used by model forecasters to give an air of accuracy which disguises a lack of technique for handling uncertainty in the data.

But the exposure of absurdity is only the first step in improving the practice of economic management. In his maturity Samuel Brittan has settled for a monetarist view which he (and those like him) believes gives simple rules for holding the ring without the aid of "large-scale models of the Treasury type." Such a view has the great advantage for the middle-aged, like Samuel Brittan and myself, of supplying unlimited material for impressive sounding articles and speeches, without having to get down to the tedious specification and testing of hypotheses on actual data, let alone the further task of testing our way through the fog that we find in a course of action which serves our objectives.

The committee I encouraged the Treasury to set up on policy and optimisation, under the chairmanship of Professor Jim Ball, should shortly have some suggestions to make on this more serious task. The Treasury model is at present a mess—in theory, econometric method, data handling, and mode of application. All that can be said for it is that it is slightly less of a mess than the analytical apparatus of the IMF.

I resigned from the first Wilson Government in an attempt to get more sense into discussion of the relationship between industrial and economic policy, and the consequent methods of economic policy-making, not to secure the publication of forecasts, as revealed by Samuel Brittan. There have been diversions. The so-called "Industrial Strategy" is one, stranded in that limbo of

End exchange control

From the Managing Director, Emption

Sir, The incredible decision to prevent the finance of foreign trade in sterling was advised to us in a five-page notice from the Bank of England last November. Following the subsequent disruption of our trade, my company obtained permission in April to operate a dollar account with four pages of conditions. In June a further four pages of conditions accompanied permission to operate Swiss Franc and German Mark accounts. Then in July the Bank of England wrote again with only two pages of conditions to say it had made a concession and would after all allow us to undertake foreign trade to sterling. Permission to operate the foreign currency accounts was revoked.

We told the Bank we were happier to have the foreign currency accounts and it then sent permission to continue these, again with four pages of conditions. We have since had a letter amending these conditions.

In every case we have been required to sign an undertaking that we will comply with these numerous pages of technical conditions. Does the Government really think small businesses have the time to study so much detail?

Surely now, the time has come to progress towards monetary union within the EEC.

A. P. C. 231-243, Wimbledon Park Road, S.W.18.

The desire for space

From Mr. G. Wainwright

Sir, Michael Cassell's article of November 16 on building land is exceedingly interesting.

From the point of view of society, though not of the builders I am sure there would be great gain in available space if a reasonable surplus of housing supply over demand were achieved. It is very obvious that, until this exists, every occupant, regardless of rent, is being deprived of giving up what space he has for fear of not being able to find an alternative.

The results of this, of course, are twofold: (a) that lots of people, notably the elderly, occupy much more space than they need—and a factor which is important but apt to be overlooked is that as people get old there is a very natural reluctance to face the formidable difficulties of moving; (b) people are exceedingly reluctant to look at jobs in different districts which would involve them in house moving. In this again a factor is overlooked, namely that, apart from the doubt about availability of accommodation and the difficulty of moving, there is a natural shyness about what sort of neighbours they would find in a totally different district.

I am confident that these things would be much mitigated if there was more variety in the size of accommodation offered and builders and local authorities did more to provide units for the non-average size of family.

Another difficulty I strongly suspect is the shortage of suitable acreage. In any sort of hedonistic calculus it is absurd to compare the value of an acre of land (except possibly for horticultural use or market gardening) with its value for building purposes. If the latter is a measurable quantity, nevertheless, there is a real shortage, I suspect, of land for building within easy reach of the communications necessary between residence and place of work—whether "communications" means going from one part of a town to another, as in a modest city such as Winchester, or commuting over for dozens of miles into London.

Anyone familiar with Australia conditions will be aware how the demand by middle-class

Politics in Europe

From Mr. John Biggs-Davison, M.P.

Sir, It is not many years since anti-Marketters were warning us of the cheap Continental labour that would invade Britain. Mr. D. James raises (November 18) that other Euro-spectre: Communism taking over the Community.

It is a danger: but when our Continental partners behold across the narrow water Mr. Kitson and Mr. Scargill: striking firmen; disconcerted police; disgruntled armed forces cut and cut again; and against the dismay of NATO: "moderates" and Marxists of the ruling party committed to another extreme programme of irreversible socialism and the sapping of those accents of revolutionary change, inflation, excessive taxation and proliferating bureaucracy, they may conclude that there is a British as well as a French or Italian infection.

The Community will provide a Thatcher Government (leading a nation sick of socialism and aware of its peril) with Christian Democrat, Gaullist and other allies in the defence of liberty. Surface Marxist parties, as known in Latin Europe, are moreover not necessarily the most dangerous.

John Biggs-Davison, House of Commons, S.W.1.

To-day's Events

- Prime Minister addresses annual conference of Electrical, Electronic, Telecommunication and Plumbing Union, Blackpool.
- Labour Party national executive meets.
- CBI Council meets.
- Mr. Dietrich Stobbe, new Mayor of West Berlin, arrives in London for talks with Prime Minister.
- Financial Times Sunday conference on Price Policy and the Role of the Price Commission opens, Royal Lancaster Hotel, W.2.
- Mr. Gordon Richardson, Governor, Bank of England, gives opening address to conference on Planning Statistics, Royal Society, 6, Carlton House Terrace, S.W.1.
- Mr. John Methven, CBI director-general, speaks at Machine Tool Trades Association annual dinner, Grosvenor House, W.1.
- PARLIAMENTARY BUSINESS
- House of Commons: Scotland Bill committee.
- House of Lords: Debate on CPRS (Think Tank) review of overseas representation.
- Select Committee: Nationalised Industries (sub-committee B). Subject: British Steel. Witnesses: TUC Steel Industries Committee (2.30 p.m., Room 51, Expenditure environment sub-committee).
- Witnesses: National Trust and Joint Committee for Fraternity of Ancient Monuments 14 p.m., Room 51, Nationalised Industries (sub-committee C). Subject: Regional Water Authority. Witnesses: National Water Council 14 p.m., Room 51, European Legislation Committee. Subject: Uranium exploration and extraction. Witness: Parliamentary Under-Secretary (4.15 p.m., Room 13).
- OFFICIAL STATISTICS
- Construction new orders (September). Brick and cement production (October). New vehicle registrations (October).
- COMPANY RESULTS
- Amalgamated Metal Corporation (third quarter). Associated Newspapers (half-year). London and Northern Group (half-year). Metal Box (half-year). Scottish and Universal Investments (half-year). Tesco Stores (Holdings) (half-year).
- COMPANY MEETINGS
- AB Electronics Components, Cardiff, 11.30. Barratt Developments, Manchester, 12. Beckman 14.1. Westbury Hotel, W.12. Capsons, 27, Hill Street, W.12. Dayway Day, 31, Grosvenor Street, E.C.1. Medminster, Abercrombie House, E.C.12. Miar River Rubber, 10-15 Mincing Lane, E.C.4. Sirdar, Wakefield, 12.



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In the second place his operation is constantly expanding. Keeping up with, and servicing, his changing transport requirements would leave most contract hire and leasing companies out of breath.

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COMPANY NEWS + COMMENT

Powell Duffryn up 24% at six months

REPORTING pre-tax profits up by 24 per cent. from £5.08m to £6.26m. for the half year to September 30, 1977, on turnover of £155.63m, against £122.23m, the directors of Powell Duffryn say...

INDEX TO COMPANY HIGHLIGHTS. Table with columns: Company, Page, Col., Company, Page, Col.

However, he said that the Board did not consider it practicable to make a precise forecast of the results for the year at this stage.

S. Leboff ahead and sees peak

DISTRIBUTORS OF "D-I-Y" products, electrical appliances, radios and electronic equipment, S. Leboff (Fobel) reports turnover ahead of 1977...

ISSUE NEWS AND COMMENT

JFB to raise £9.7m.

Sheffield based steel group Johnson and Fitz Brown is seeking to raise £9.7m. by a one-for-five right issue at 50p to finance any upturn in activity and other opportunities as they may arise...

At the same time the group forecasts a total dividend of 4.6883p net payable on the capital as increased by the rights issue in respect of the year ending June 30, 1978 - a rise of 10 per cent.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corrected dividend, Total for year, Total last year.

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. † On capital increase by rights and/or acquisition issues. ‡ Gross throughout. § Total p/s forecast at time of March re-introduction. ¶ Additional 0.0435p for 1976-77. †† Includes additional 0.075p. ††† Additional 0.083p p "A" share for 1976-77.

C H Ind. first half doubled

INCLUDING A contribution from the newly acquired Beaver Group, the profit of C H Industries has more than doubled from £225,927 to £463,091 in the six months to September 30, 1977.

Transparen Paper down at halfway

DESPITE AN increase in turnover from £9.83m to £11.1m, pre-tax profit of Transparen Paper fell by £88,000 to £310,000 in the first half of the year.

British Assets prospects

AGAINST A background of accelerating dividend growth in the past two years, the directors of British Assets Trust are optimistic of dividend growth for shareholders.

Overseas losses hit J. H. Dennis

WITH LOSSES of £39,000 coming from overseas subsidiaries compared with profits of £83,000 in 1976-77, the pre-tax surplus of engineers J. H. Dennis and Co. fell from £392,298 to £301,845 for the year to August 31, 1977.

Holden share placing

Arthur Holden, a public company since 1968, is obtaining a quotation on the London Stock Exchange through a placing of 10m. Ordinary 25p shares at 33p.

Fairdale Textiles better

WHOLESALE MANUFACTURING clothing and cloth merchants Fairdale Textiles improved earnings for the half-year to July 30, 1977, from a depressed £137,412 to £166,000, subject to tax of £86,500 against £73,000.

Variable local bonds

The first ever local authority short-term floating rate bonds are being issued by the West Lothian District Council.

Centreway outlook

Shareholders in Centreway were told by Mr. A. J. Gross, the chairman, at yesterday's annual meeting that he could confirm that prospects for the current year were encouraging.

Trading profits were split as to: engineering £3.4m, 122.1m, and 23.5m, building services contracting loss £480,000 (£205,000) and £268,000; pollution control loss £173,000 (£143,000) profit and £286,000 profit; shipping, wharfage and transport £1,260,000 (£2,044,000) and £2,211,000; oil and chemical storage £582,000 (£757,000) and £1,564,000; fuel distribution £738,000 (£223,000) and £2,311,000; electrical £1,452,000 and £2,525,000; and timber and builders merchants £88,000 (£1,133,000) and £2,221,000.

The rapid expenditure programme mentioned in the chairman's annual statement is proceeding well, say the directors. Growth in sales and profits of the engineering division has continued at a high level, and the fuel distribution division benefited from better demand in the summer months.

The U.K. activities continued to show satisfactory progress although only now are the generally flat trading conditions expected to start to show an improved undertone. The electronics division showed continued growth in the second half and its products remain in great demand.

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comment Powell Duffryn failed to satisfy the more optimistic forecasts of £7.3m, and the shares fell 25p to 188p. A further depressing factor is the increase in interest charges of over a half, and the warning that the full year figures are likely to exceed those in the previous year of £1.1m. This looks slightly worrying statement when set against a background of lower interest rates, and a rights issue of £6m, this August which should have reduced borrowings in the full year.

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A good belting in the desert helps us grow even more. Advertisement for BTR belting with images of a desert landscape and a conveyor belt.

BTR stands for growth. Advertisement for BTR Limited, Silvertown House, Vincent Square, London SW1P 2PL. Includes a line graph showing profits pre-tax from 1972 to 1976.

Bradford Property. Advertisement for Bradford Property Trust, stating profits declined from £17.4m to £11.68m in the six months ended October 31, 1977.

Midterm rise for Evans of Leeds. Advertisement for Evans of Leeds, stating property investment and development group Evans of Leeds increased pre-tax profit from £309,497 to £487,321 in the half year to September 30.

King & Shaxson. Advertisement for King & Shaxson, a limited company, providing financial services and investment management.

Charterhouse Japhet Pension Fund Management. Advertisement for Charterhouse Japhet Ltd, stating they have been merchant bankers and advisers to medium sized companies for nearly one hundred years.

Arthur Holden & Sons Limited. Advertisement for Arthur Holden & Sons Limited, stating they are incorporated in England under the Companies Act 1862 to 1898.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Study' and 'Non-Res'.

NOTICE OF REDEMPTION

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Table with 4 columns of Serial Numbers ranging from 51 through 100 to 48201 through 48250.

Interest on the Bonds to be redeemed will cease to accrue from and after January 1, 1978. On such date the redemption price will become due and payable on each of said Bonds...

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Banca Commerciale Italiana S.p.A., Piazza della Scala, 6, Milan, Italy

upon presentation and surrender of said Bonds with all coupons attached maturing after said redemption date (Coupon No. 17 and subsequent). In the event that any such coupon is not so attached, the amount of said coupon will be deducted from the redemption price.

Consorzio Di Credito Per Le Opere Pubbliche By The Chase Manhattan Bank (National Association), American Paying Agent

Dated: November 23, 1977.

Welsh gem in the coal industry

By JOHN LLOYD

LAST WEEK, at about the same time as Mr. Anthony Wedgwood Benn, the Energy Secretary, was pointing out to his Conservative "shadow" that productivity in the mines was not merely a question of paying a bonus on extra output, half a dozen men sat in a wooden hut in a South Wales valley and discussed the limits of miners' strength.

The men wore the local management and union representatives of Betwys colliery, in Ammanford, 20 miles north of the Swansea. Their specific problem was one which has been growing over the years, and is now critical: as machinery becomes more powerful, stronger and thus heavier, how is it possible to put it in place using only muscle power?

Betwys is a new mine, which will be opened in April of next year, right on schedule. It is the first new mine in South Wales for a decade. It will produce anthracite, and it will be the most productive pit in the area by a very long way.

The men in the hut were fully conscious of all this, and derived immense satisfaction from it. They have all worked in the difficult South Wales mines, where thin seams and massive geological faults mean that the area has by far the lowest productivity rate of any coalfield in the country. They also know from experience that management and miners work-

ing old pits have to fight demoralisation as well as output. Betwys will be different. It will produce around 1m. tons of high-grade anthracite a year, and it will have an output per manshift (OMS) of five tons, which is almost two-and-a-half times more than the national average of 43 cwt. and four times the South Wales average of 26 cwt. It will use the comparatively new technique of longwall retreat mining, which means that shafts are sunk to the limits of the face, and the coal is then got by working backwards.

It is this "good feeling" about Betwys which is to a significant extent responsible for the pit being on schedule. The only major National Coal Board project to go. Management, miners and contractors are showing an almost Stakhanovite dedication to the task of keeping it on schedule up to opening day in April 1978.

So the problem of how to cope with the massive machinery to be fitted into place in shafts less than five feet high takes on a special urgency. If a satisfactory solution is not found, the work will slow down, the target opening date will be over-run, and the mine will be losing money at the rate of £200,000 a week.

In the current debate over the issue tends to be reduced to the ability, or willingness, of the miner to work harder. But in South Wales, it is the resistance of the earth, and its reluctance to yield up the coal—which is paramount.

Most of the major collieries in the area date from the 19th or early 20th centuries. Though many have been improved, and the increased investment of recent years has meant that even greater improvements have been embarked on, there still are many pits which hardly justify their existence in economic terms.

Average output per man per year in all U.K. coalfields is about 440 tons. Only three of the area's 30 large collieries surpass the figure, while three produce less than half that, and most produce considerably less than 400 tons per man-year. Output can be improved only at great expense.

But that expense is being undertaken, and especially in those pits which produce anthracite, the popularity of which as a smokeless fuel has been steadily rising. South Wales is the only anthracite field in the U.K. and it is also the largest in Europe. But its output has fallen so rapidly since the early 1970s that the NCB has been forced to import increasing amounts of anthracite imports.

Four or five years ago, the South Wales anthracite field, which stretches from Glynneath in the east to Gwendraeth in the west, produced about 3m. tons of coal a year, half of it from opencast pits and the rest from deep pits. Since then, output has slid dramatically to around 2m. tons a year, for reasons which have very little to do with the miners.

Opencast sites are now difficult to get. Opencast working scrapes the topsoil off huge tracts of land, leaving black scars across the hillsides, often next to towns and villages. The people have had enough, and permission to work is often withheld.

In the deep mines, the productivity battle is fought in seams which become scarcer as the workings are exhausted. Yet, deprived of sufficient new opencast mines, the South Wales Board must plough investment into the deep mines if it is to have any hope of raising anthracite production to early-70s levels.

Beyond that, Betwys has great value in the National Coal Board both as a technological pioneer, and as a symbol of the best morale. It will be the first semi-automatic control systems at the face, television monitoring and computer-controlled conveyors. It has already attracted interest from mining engineers from Poland and China, who have been proudly shown round the mine by Mr. Roy Barfoot, the project engineer.

Mr. Barfoot and Mr. Dnn Roberts, the pit's general manager, keep in constant, almost obsessive touch with the miners. "If I do not go down the pit to see what is the matter who something goes wrong, they will say I don't care. If I don't know every man's name soon after working begins, they will say I don't care," says Mr. Roberts. "I know how they think. I am them."

But Betwys's symbolic value is perhaps its greatest contribution to the NCB, at least in the short term. It will be the first new mine to be opened as a result of the investment agreed in the 1974 "Plan for Coal." At a time when the Board needs to be seen to be active, and unbowed by the miners' rejection of the productivity deal, it is a sign of the faith it continues to have in even the most difficult and unproductive areas.

On schedule

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FINANCIAL TIMES

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Large advertisement for Johnnie Walker Scotch Whisky. Features a bottle and glasses with the text '70° PROOF', 'BLEND AND BOTTLED IN SCOTLAND', '26 2/3 FL. OZ.', and 'The confident choice since 1820'.

Comet at £3.88m. after second half slowdown

AFTER JUMPING FROM £262,000 to £3.1m. in the first half, pre-tax profits of Comet Radiovision Services finished the year in August 27, 1977, at £3.88m. Turnover expanded from £47.4m. in 1976-77 to £51.8m. (108.8m. £) before extraordinary credits of £46,000 (1977,000). Full-year earnings are shown to be up from 3.5p to 16.6p per share.

The final dividend is 1.8824p net for a maximum permitted 53,834,913 (1976) total. The total dividend has been waived on 51.2 per cent. of the shares. The directors say that had no restraint been imposed they would have substantially increased the dividend. A one-for-two scrip issue is also proposed.

Members are told that the current level of sales is slightly disappointing following a most encouraging September and October but the directors believe that a stage is being approached where trading levels will improve materially.

Even at present levels, they are able to predict a substantial increase in profit and they view the future with considerable confidence.

The continuation of stock relief

has been of great benefit to the company, and much of its ability to expand during a period of depressed trading has been due to this concession. The amount of money held for deferred taxation is now substantial and a permanent ruling on this subject would facilitate planning for the future, say the directors.

During the year the group continued in open satellite shops bringing the total to 71, an increase of 42. Six outlets were closed and at the end of the year Comet was trading from 125 locations. In addition, one franchised operation was trading in Jersey. It is intended to open a similar number of new satellites this year, although there is some difficulty in obtaining suitable sites.

Since the year-end, a further five shops have commenced trading as has the long-awaited warehouse at Neasden on the North Circular Road.

The experimental conversion of the three warehouses in Leeds, Birmingham and Norwich to fully display proved to be most satisfactory, and as a consequence, the remainder of the suitable sites have now been similarly converted. The directors are pleased

with the results which this expenditure has achieved.

comment

Comet's second half profit increase of 20 per cent. beat all market expectations and helped by the chairman's bullish statement, the shares rose 14p to 150p—just 4p off the year's high. The upturn came in the last two months (sales of washing machines and cookers were particularly strong) and followed a period of poor trading in the wake of the 27.5 per cent. first-half jump, when the public went on its spending spree ahead of ground-level fears of a VAT increase. But overall, volume sales in the second half were disappointing, showing a 3 per cent. shortfall, and margins—23 per cent. compared with 25 per cent. in the comparable six months. Any significant improvement can only come if the reported upturn in demand for consumer durables is sustained. But Comet is clearly banking on an upturn in stocks and a record level of £27.7m. (£14.4m.) and the company is opening more branches in an attempt for a greater market share. The shares yield 3.9 per cent. and sell on a p.e. of 8.9.

Sketchley first half jump

TAXABLE PROFIT of dry cleaning and industrial workwear retail group Sketchley jumped 69 per cent. in £18m. in the six months to September 30, 1977.

Directors say its UK overall service, the major part of the industrial services division, maintained sales growth and has been working at capacity, thus yielding exceptionally high margins.

The new Basingstoke factory will gradually become operational in the second half and margins will return to more normal levels.

Turnover for the year was 18 per cent. higher at £18.2m. The chanceable weather in the summer resulted in dry cleaning sales holding up well compared with the prior trading weather in recent summers.

The cleaning division had a very satisfactory half while the textile division broke even in a period of great trading difficulty for the industry.

Although the exceptional rate of progress of the first half may not be maintained for the remainder of the year, directors are confident of a substantially improved result for the year, given stable trading conditions. Profit last year was a record £2.36m.

Earnings per share are stated at 6.6p per share against 3.7p last year, and the interim dividend is up from 3.5p to 1.75p per 25p share. A supplemental 0.0438p is to be paid for 1977-77, when the total payout was 4.18887.

Merchandise and investment bankers Fraser Ansbacher has cut its pre-tax loss to £55,000 in the six months ended September 30, 1977, compared with £155,000 over five months in September 30, 1976. Sir Samuel Goldman, chairman, says that he expects results for the second half will show an improvement over this.

He reports that progress is being well maintained towards the group's objective of restoring profitability by disposing of loss-making properties and investments and concentrating on the traditional merchant banking activities of Henry Ansbacher and Co. and its subsidiaries.

In the second half the group has the advantage of the £4.2m. of interest free loan notes issued immediately after the last AGM. The attributable loss in the half has amounted to £187,000 (£250,000) after tax of £34,000 (£23,000) and extraordinary items of £100,000 (£360,000)—being reorganisation and reconstruction costs of £75,000 and a £25,000 ex-gratia payment to a former director.

Sir Samuel says that Robert Fraser and Partners has now only one major investment—namely Eastwood Leisure Holdings—which was wholly written off at March 31, 1977. Efforts to dispose of this continue and interim results do not include the results of that company. Operating losses have occurred but these relate mainly to a factory now closed and have been at a much reduced level compared with the previous year.

R. Fraser Securities is negotiating the sale of the two small remaining properties in Paris. Further progress has been made in letting the property in Frankfurt which is now almost 60 per cent. occupied. In the U.K. the property market has improved as interest rates have fallen and new developments are being started. Further sales are in course of negotiation, says the chairman.

Fraser Ansbacher loss cut and still improving

Henry Ansbacher, together with its subsidiaries, traded profitably in the period and further progress has been made in reducing the one major investment—namely Eastwood Leisure Holdings—which was wholly written off at March 31, 1977. Efforts to dispose of this continue and interim results do not include the results of that company. Operating losses have occurred but these relate mainly to a factory now closed and have been at a much reduced level compared with the previous year.

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Mr. F. W. McConnell made a substantial contribution to the group's profit in the second half of the year, which was well above the target set for the current year.

On the engineering division, an export sale of 'N-Way' Heating Plants has shown a considerable improvement. A major contract from Greece was won and direct exports topped £1m. for the first time. As home sales are unlikely to expand greatly during the current year, great importance is attached to a strong export performance.

Outstanding commitments are also proposed. For this purpose, a £25,000 advance from the £25,000 surplus of £21,500, and part (£9,500) of unappropriated profits, (£12,000) for which contracts have been placed at July 31.

As reported on November 1, the directors have agreed to increase the dividend from 12.5p to 13.5p, a 8 per cent. increase. The dividend is raised from 1.33p to 1.39p net, with a final, concluding, effort of 1.23p. A one-for-one scrip issue is also proposed. For this purpose, a £25,000 advance from the £25,000 surplus of £21,500, and part (£9,500) of unappropriated profits, (£12,000) for which contracts have been placed at July 31.

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Hazlewoods upturn continues

AFTER RETURNING to profitability in 1976-77 with a gross dividend of £208,000, Hazlewoods (Proprietary) reveals that further progress has been made in the first half of 1977-78 with profits reaching £283,000.

With the companies in the group maintaining their budgets Mr. J. Lowe, chairman, says he is confident that the growth shown in the six months ended October 2 can be maintained in the current period.

During the first six months there was a healthy contribution from the factory at Derby and he looks forward to further progress by this unit.

In the period the group incurred litigation costs of £29,000 and this has been treated as an extraordinary item in the accounts.

On August 31 the arrears of the Preference were paid amounting to £19,000. A second interim Ordinary dividend of 1.5p net is being made a total of 1.5p net in date—at the time of the re-introduction last March the directors forecast a total of 3p for the year.

The half-year's turnover of the group (processors of vegetables and makers of sauces and condiments) amounted to £2.2m. After tax of £56,000 the extraordinary item of £29,000 and dividends of £33,000 there is a balance retained of £37,000.

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Shareholders are being offered a 15 per cent. discount on the new Arson Holdings shares, a package of bedroom and dining room units.

Accounts show net current assets at July 31 ahead from £6,600 to £12,200, a rise from £2.6m. to £3.6m., an increase in debtors from £1.53m. to £2.46m., and a reduction in overdrafts from £8,200 to £2,200. Creditors were up from £2,390 to £4,470.

In the year there was a 10.4m. increase (£20.6m. decrease) in working capital.

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At present, demand for group products is up to expectations and Mr. Arson is confident of continuing to improve the situation with the extra sales and marketing efforts being made. No major difficulties which would restrict production are expected, he says in his report with the accounts.

Exports should increase but on the same scale as the 30 per cent. rise to £2m. of last year. No major capital spending is planned and group finances are in good order.

Rapid inflation and inability to recover the full effect of cost increases squeezed margins last year, when the group turned around from £453,000 loss in a £470,000 taxable profit.

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Common Bros. well placed in product tankers

SIR RUPERT SPEIR, chairman of Common Brothers, says that the current year does not yet show much sign of upturn on the shipping front, though he still believes that the product tanker market should soon enter a more profitable period.

The group is especially well placed to take advantage of any improvement and he is encouraged that the two Rio vessels continue to be employed at excellent rates.

In the current year the group has secured its liquid position through the sale of mv A. L. Cmshe. The group ran therefore face up to a very difficult period in the shipping industry on a sounder footing than it has in the case a year ago despite the losses incurred since then.

Looking back to 1976-77 the chairman says that it was a year in which every effort was aimed at recovering from the effects of the problems which arose in the previous year. However, both the product tanker and dry cargo markets remained at a low level. There was a loss of £364,000 which compared with £184,000. Trading between March and June showed a marked improvement. At the pre-tax level there was a loss of £364,000 which compared with a profit of £111m. but this included £194m. in respect of surpluses on ship sales.

The chairman explains that depression in the dry cargo market has adversely affected the joint chartering operation carried on by Bowring Common Chartering in the period from July 31 to the end of the year. The loss of which the group's share was £120,000. The market shows very little sign of improvement at present. It was therefore considered prudent to provide at June 30 for potential losses on the balance of the continuing charter commitment which have been charged to the profit and loss account as an exceptional item.

In order to improve group liquidity the directors commenced negotiations for the sale of mv A. L. Cmshe before June 30. However the sale was not completed until September 1. The resulting effect on the profit and loss account in 1977-78 was £1m. an improvement of some £1m. overall.

The net asset value per share

is 162p (162p) based on balance sheet figures. This, in the view of the directors, materially understates the underlying asset backing of the shares, which are still underpinned and underwritten in assessing values to-day, nevertheless taking into account only the unrealised after tax surplus of £111m. last year. I thought it desirable to transfer the voting rights to the bank, an outside adviser."

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Yesterday, Sir Hugh explained that before the date in April this year after which changes in directors' shareholdings had to be notified ahead of time, he had transferred his own shareholding in one of the trusts and that another trust had transferred 800,001 shares in him.

He added that he now intended to transfer 1,000,000 shares to the Fraser Foundation, a charitable body. He had to wait for the right moment to do the switch in view of the Stock Exchange's recent guidelines on directors' share transactions in relation to the timing of company profit statements. Four of Fraser's interim statements is due tomorrow.

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Discount policy helps Wm. Low

In his annual statement, Mr. A. M. Drysdale, the chairman of Dundee-based supermarket operator Wm. Low and Co., says that the group's discount policy helped lift turnover by 33 per cent. in 1976-77 and the maintenance and extension of the higher market share thus created will be the challenge for 1978.

Mr. Drysdale anticipates a further improvement in profit in the current year, but not commensurate with last year's increase from £9.0m. to £13.1m. reported on November 4.

No new supermarkets were opened during 1976-77 but in November 1 the group opened at Dalkeith with 10,000 sq ft of sales area and at the end of the month it will be opening 9,000 sq ft at Halfway (between Glasgow and Paisley).

In the spring, the 20,000 sq ft superstore at Perth will be opened as will a 6,000 sq ft supermarket at Monifieth.

Wm. Low has completed agreements for two "sale and lease-back" arrangements resulting in the release of some £1m. which will be available for further developments.

Another benefit will be a reduction in the group's dependence on external borrowing with a consequent saving in interest charges.

The 1976-77 charge of £228,000 for tax "sale and lease-back" arrangements, but the rapid reduction in rates will provide some ease in the current year.

Initial adjusted accounts show historical operating profit of £1.83m. (£1.08m.); increased cost of stocks £0.53m. (£0.22m.); additional depreciation £0.12m. (£0.12m.); interest £0.23m. (£0.17m.); pre-tax profit of £1.91m. (£1.59m.); and a tax at £0.28m. (£0.41m.); and a

profit of the increased cost of replacing stocks considered to be financed by trade creditors added back of £13,250 (£10,150), leaving £1.04m. (£0.94m.).

Statement Page 34.

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NARBOROUGH RUBBER

For the year ended June 30, 1977, Narborough (FMS) Rubber Estate raising its gross dividend from 4p to 5p per 10p share, with a final of 3p, and proposes to make a 3-for-1 scrip issue.

Profit rose from £123,497 to £176,223 and from £70,223 to £27,292 net.

At present, demand for group products is up to expectations and Mr. Arson is confident of continuing to improve the situation with the extra sales and marketing efforts being made. No major difficulties which would restrict production are expected, he says in his report with the accounts.

Exports should increase but on the same scale as the 30 per cent. rise to £2m. of last year. No major capital spending is planned and group finances are in good order.

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U.K. share of assets rises at Cedar Inv.

The fall in the U.S. stock market and the changes in the Japanese exchange rate and the investment currency premium is reflected in the distribution of investments of Cedar Investment Trust, the Managers of Trusts Ltd. chairman, says in the directors' report with accounts.

With the rise in the U.K. market the percentage of investments in the U.K. rose from 58.2 per cent. last year to 62 per cent. while North American investments declined from 21.5 per cent. in 1976 to 17.1 per cent. and Asian and Australasian investments from 14.7 per cent. share to 10.1 per cent.

As previously reported taxable revenue rose from £1.16m. to £1.26m. in the year with total net assets 30.9 per cent. ahead at £2.1m. (1976) and 80.8p (1976) per share fully diluted.

The amounts now outstanding are £3,532,706, of 31 per cent. and £2,113,000 of 61 per cent.

Fraser assigns voting rights to bank

By Margaret Reid

Sir Hugh Fraser has assigned the voting rights in the 800,000 ordinary shares worth £1,050,000, which he owns, to the Bank of Scotland, which is chairman, to the Clydeside Bank, it was disclosed yesterday.

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Wolsley-Hughes

In their annual report, the directors of Wolsley-Hughes say that although early indications are

Centreway

Record Profit-Strong Demand

RESULTS IN BRIEF

Year to 31st March	1977	1976
	£'000	£'000
Group sales	5,756	4,731
Profit before tax	639	384
Profit after tax	312	193
Earnings per 50p share	35.5p	22p
Dividend payments per share	10.896p	9.830p

Points made by the Chairman, Mr. A. J. Cross:

- * Record profits achieved
- * Widespread and significant increase in product demand
- * Maximum dividend paid to shareholders
- * Prospects for 1977/78 encouraging. Present indications are that results will show a material improvement over the previous year.
- * 1 for 2 bonus issue of 11% (net) Preference Shares proposed.

Centreway Limited is an investment holding company, whose principal activities are the manufacture of oval pressure ladies footwear and industrial rubber products. Copies of the Report and Accounts can be obtained from The Secretary, Centreway Limited, 1 Waterloo Street, Birmingham B2 5FG.

MONEY MARKET

Bank of England Minimum Lending Rate 5 per cent. since October 11, 1977.

Interest rates rose quite sharply in nervous conditions in the London money market yesterday. An increase in Bank of England Minimum Lending Rate is expected at some time in the fairly near future but there is still little evidence to suggest that it will occur this week. Discount houses buying rates for three-month Treasury bills rose to 4.42 per cent. from 4.35 per cent. in the previous week. In 3 1/2% RLR, but market sources reported that all interest rates had been marked up as a defensive response to the Ex-

chequer outweighed Government disbursements, and the market was also faced with a rise in the note circulation.

The total amount of assistance given by the authorities was very large. There was a sum up of large purchases of Treasury bills from the houses, and small loans to one or two houses, overnight at 10%.

Discount houses paid 3.41 per cent. for secured call notes, with most funds taken at around 3.1 per cent.

In the interbank market overnight loans eased to 3.2 per cent. but closed at 6 per cent.

Rate	3 months	6 months	9 months	12 months	18 months	24 months
Overnight	3.5	4.1	4.4	4.5	4.6	4.7
3 months	4.35	4.4	4.4	4.4	4.4	4.4
6 months	4.4	4.4	4.4	4.4	4.4	4.4
9 months	4.4	4.4	4.4	4.4	4.4	4.4
12 months	4.4	4.4	4.4	4.4	4.4	4.4
18 months	4.4	4.4	4.4	4.4	4.4	4.4
24 months	4.4	4.4	4.4	4.4	4.4	4.4

Interest rates rise

position following recent Press comments about a likely rise in London interest rates. There remains a strong body of opinion that political considerations are likely to preclude a rise before the end of the year.

Day-to-day credit was in short supply, but in the present nervous conditions the discount houses were not very anxious to borrow funds, preferring to hold back in the hope of selling bills to the Bank of England.

Banks carried forward rounded up balances, there was a fairly large net take-up of Treasury bills, and revenue payments to the Ex-

BRITISH ASSETS TRUST LIMITED

A GROWTH-OF-INCOME TRUST

British Assets is an Investment Trust the principal objectives of which are to provide growth of income and to increase the dividend payable to Ordinary Shareholders by such amount as will increase, when possible, the real value of such dividend.

DISTRIBUTION OF INVESTMENTS

The map shown below illustrates that it has been possible to structure a portfolio for rising income while at the same time maintaining a significant overseas portfolio.

30th Sept 1977	30th Sept 1976	
Gross Revenue	£5.2m	£4.7m
Total Assets	£101.7m	£86.2m
Earnings per share	2.26p	1.81p
Dividend per share	2.00p	1.60p
Net Assets per share	85.00p	66.88p

Copies of the Report are available from: Ivory & Sims Ltd., Investment Managers, 1 Charlotte Square, Edinburgh EH2 4DZ.

APPOINTMENTS

THE FINANCIAL TIMES is looking for an exceptional SALES EXECUTIVE who is well versed in the specialised field of financial advertising

We are offering the opportunity to join a small but enthusiastic team who are responsible for our very considerable financial advertising business. Much however still remains to be done and the opportunity therefore exists for the successful applicant to make a positive contribution to our future success.

For further details contact: ROBERT PIPER 01-248 8000 ext. 459

COMPANY NOTICES

NIFFON MEAT PACKERS, INC.
Notifying to the shareholders of Niffon Meat Packers, Inc. of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the Niffon Meat Packers, Inc. Headquarters, 1000 West 10th Street, London, Ontario, Canada.

REFINERIA DE PETROLEOS DEL NOROCCIDENTE S.A.
Notifying to the shareholders of Refineria de Petroleos del Noroeste S.A. of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the Refineria de Petroleos del Noroeste S.A. Headquarters, 1000 West 10th Street, London, Ontario, Canada.

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NOTICE TO THE HOLDERS OF EUROPEAN UPSTREAM HELIPHS (UK) LTD.
We are pleased to inform that the 1977 Annual Meeting of the company will be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

Q.P. CORPORATION
Notifying to the shareholders of Q.P. Corporation of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

EUROPEAN DEPOSITARY RECEIPTS
Notifying to the holders of European Depositary Receipts of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

QUEBEC CENTRAL RAILWAY COMPANY
Notifying to the shareholders of the Quebec Central Railway Company of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

OE BEERS CONSOLIDATED MINES
Notifying to the shareholders of OE Beers Consolidated Mines of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

CAPITAL STOCK
Notifying to the shareholders of the company of the 1977 Annual Meeting to be held on December 15, 1977 at 10:00 a.m. at the company's headquarters, 1000 West 10th Street, London, Ontario, Canada.

PARLIAMENTARY NOTICE
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MOTOR CARS
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FIAT 128 SPORTS COUPE
Primrose with black interior. Semi-reclining seats with built-in headrests. 1600 cc. engine. 150 mph. 1700 cc. engine. 180 mph. 2000 cc. engine. 200 mph. 2400 cc. engine. 240 mph. 2800 cc. engine. 280 mph. 3200 cc. engine. 320 mph. 3600 cc. engine. 360 mph. 4000 cc. engine. 400 mph. 4400 cc. engine. 440 mph. 4800 cc. engine. 480 mph. 5200 cc. engine. 520 mph. 5600 cc. engine. 560 mph. 6000 cc. engine. 600 mph. 6400 cc. engine. 640 mph. 6800 cc. engine. 680 mph. 7200 cc. engine. 720 mph. 7600 cc. engine. 760 mph. 8000 cc. engine. 800 mph. 8400 cc. engine. 840 mph. 8800 cc. engine. 880 mph. 9200 cc. engine. 920 mph. 9600 cc. engine. 960 mph. 10000 cc. engine. 1000 mph.

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
In the Matter of L. J. LAZARUS LIMITED and in the Matter of The Companies Act 1948.
NOTICE IS HEREBY GIVEN that the abovesaid Company by the High Court of Justice in the 11th day of November 1977 was ordered to be wound up and the Receiver of the assets of the abovesaid Company is hereby appointed.

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BIDS AND DEALS

Trafalgar moves in for Fairey

Trafalgar House, the property, shipping and publishing group, has made its expected move to acquire the non-aviation interests of the Fairey engineering group. The price is likely to fall in the range of £15-20m, subject to audit.

Leslie & Godwin
Leslie and Godwin International has acquired direct insurance business to and from the Philippines. The company, Inter-Asia Insurance Broker Services Inc. with a paid-up capital of Pesos 10,000,000, is 30 per cent. owned by Leslie and Godwin.

MPs support Crane in U.S. fight
Crane Fruehauf, the Norfolk trailer manufacturer, has gained the support of a number of Members of Parliament in its opposition to the take-over bid from Fruehauf Corporation, which already holds 37 per cent of the shares.

Alex. Howden in \$2M U.S. deal
Alexander Howden, international investment broker, has made an agreed bid of \$2m for an American broker, Smith-Henry Aviation, Underwriters of Georgia, U.S.

Delyn now in profit
In the document setting out the full details of the Welsh Development Agency's investment in Delyn, the group reveals that in the second half of 1976-77 it achieved an operating profit of £142,000, compared with a £142,000 loss in the first half of 1976-77.

George Doland
In conjunction with the Manrice James offer for George Doland, acceptance has been received in respect of 1,444,273 shares with interest in the company valued at a total of £2,231,000 (67.8 per cent).

Barrow Hepburn
Barrow Hepburn Group has announced the holding of 843 ordinary shares in Yorkshire Lancashire Investment Trust equivalent to 28.5 per cent of the capital. This is part of a £10m management buy-out under which BH bought a majority of investments from merchant bankers Arthurhorn Latham for £2m.

Notice to holders of Matsushita Electric Industrial Co., Ltd.
Notice is hereby given pursuant to the requirements of Section 144 of the Companies Act 1947, relating to the abovesaid Debentures, that effective as from the date of the meeting of the shareholders of Matsushita Electric Industrial Co., Ltd. on November 21, 1977 the conversion price at which such Debentures may be converted into Shares of Common Stock of the Company was reduced to Japanese Yen 388.00 Prior to such reduction, such conversion price was Japanese Yen 420.00.

MINING NEWS

Canada may soon lift uranium embargo

The prospect of the Canadian Government lifting its uranium embargo on European countries comes closer to-day when talks start in Ottawa between the Canadian Government and Dr. Guido Brunner, the European Commission responsible for energy. The embargo was imposed at the beginning of this year after the nuclear safeguards questions in the protracted series of talks between the Canadians and Euratom.

Canadian gold earnings rise
Despite the current fall in the price of gold, Canadian gold earnings have achieved a substantial recovery this year. This is being reflected in the rise of the relatively high-cost Atlantic Producers of the metal. Canada's Dome Mines reported a rise of 83 per cent to just \$24.4m (£11.8m) in its audited net income for the months to September 30 compared with \$12.8m in the period of last year.

Uranium in Greenland
The past summer's explorations and test drillings have more than doubled the known uranium deposits in southern Greenland to 15,700 tons according to a Danish international consensus. In addition, estimated reserves now come to a minimum of 10,000 tons. But no decision on the possible mining of the uranium is expected until after further geological and cost-price analysis.

Share stakes
Park Place Investments-Siemens Hunter has acquired a further 50,000 Ordinary shares and now holds 62,500 (14 per cent). Mr. H. Cole-New Thorperton Trust has sold 154,875 shares - all of its holding.

Walter Lawrence
Details of the £4.4m cash acquisition by Walter Lawrence of Latham and Owen, whose interests are mainly in the manufacture and distribution of cutlery, have been sent out to shareholders.

Caparo/Singlo
The offers by Caparo and Singlo for the acquisition of the 450,000 shares of Singlo Holdings for 1977, in the event of a lower bid being extended to November 23, 1977, have been considered by the Board.

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Judge us by our services. We believe that no other carrier can distribute your parcels faster and more reliably nation-wide. And we're certain that no single carrier can offer you the range of services that we do.

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Are you exporting? We can take your parcels to virtually any country in the world. Some of our export services give you speed, some economy and all of them reliability.

Advantages you get from dealing with the biggest parcels service in the country.

Write to Keith Jones, Parcels Marketing Manager, Postal Headquarters, St. Martin's-le-Grand, LONDON EC1A 1HQ. He'll send you all the information you need to convince you that the business we mean is yours.

Royal Mail Parcels

INTERNATIONAL FINANCIAL AND COMPANY NEWS

U.S. CORPORATE PROFITS RISE

Wall Street's stony face

BY JOHN WYLES IN NEW YORK

EVERY SILVER lining, as we know, has its cloud, and a 10.3 per cent increase in the after-tax profits of American corporations in the third quarter of 1977 over the same period last year has not been good enough to dispel some anxieties that the U.S. economy could be running into more difficult weather next year.

To a large extent this is why Wall Street remained stony-faced during the months of October and November, when a number of large corporations were reporting record or near-record earnings—and boosting their regular dividends as a result. Such news is always welcome, but investors have their eyes firmly fixed on the near- and medium-term and may be doubtful that corporate profits are as robust as may at first appear.

The weight of evidence is finely balanced, as has been the case for much of this year in arguments over the future of the U.S. economy. The administration expects a real growth rate next year of 4 to 4.5 per cent, and recent statistics on consumer spending indicate that the economy may finish this year on a rising note. But, as the nervous, how secure is such a growth rate when inflation is running at between 5 and 6 per cent, and potentially squeezing corporate profits from one side, while rising interest rates could provide pressure from another quarter?

The Commerce Department's figures of third quarter profits offer material to both sides of the occasionally heated and politically important debate on

where the American economy is heartened by the third quarter going. On the one hand, the performance, it draws attention to the fact that manufacturing profits were 10.3 per cent up on companies did less well than expected, and suffered about a 12 per cent drop in earnings compared to the second quarter. The second quarter of this year, which normal seasonal decline is 8 per cent. Moreover, the manufacturing sector found its profits

A number of large corporations have reported record or near-record earnings in recent weeks, and have raised their regular dividends as a result. But investors have their eyes firmly fixed on the near- and medium-term, and many are doubtful that corporate profits are as robust as may at first appear.

quarter-to-quarter fall since the last three months of 1976. However, Commerce Department economists are pointing out that the quality of the third quarter profits was better, in that the proportion attributable to stock appreciation fell from about 17 per cent in the second quarter to about 5 per cent in the third.

Losses reported by Bethlehem Steel must also be borne in mind. According to Citibank's survey on third quarter profits, Bethlehem's \$834m. loss (incorporating a \$750m. write-off for plant closure) depressed the aggregate figure from about 12 per cent to just 10 per cent, higher than the year before.

Although Citibank is generally

gins dropped from 5.2 to 5.1 per cent from the second to third quarters, and from 5.6 per cent in the third quarter of last year.

Non-manufacturing companies, on the other hand, did considerably better, and pushed up their third quarter performance by 17 per cent, with airlines showing the steepest increase (36 per cent) followed by trucking firms (34 per cent).

Overall, third quarter profits should help confirm the 11 per cent increase in capital spending recently projected for next year by a McGraw Hill survey. Adjusted for an 8 per cent capital goods inflation rate, this amounts to a modest 3 per cent real growth, and casts some shadow over the longer term outlook. So also does the fact that certain economists observe some deterioration in corporate liquidity, which could threaten spending programmes.

Observers believe that this could be more than offset, however, by a package of tax cuts which President Carter has been working on for some time, but on which no decisions have yet been taken. Business, as represented by the business council, is pushing for cuts in the region of 22.2bn., and the rapidly emerging feeling is that a handout of this order, specifically directed at business, will be needed to ensure that the economy does not falter, and slip back from a 4.5 per cent growth rate towards the end of next year.

New York banks move for free trade zone

By John Wyles

NEW YORK, Nov. 22.

NEW YORK'S MAJOR banks have submitted proposals to the State Government aimed at making New York a "free trade zone" for international banking.

The banks, through the New York Clearing House Association, claim that New York is slipping from its pre-eminent position as an international financial centre, partly because it cannot compete with the freedoms offered to international banking operations by such centres as London, Paris, Singapore and The Bahamas.

Proposals currently being discussed with the New York State Banking Department would involve changes in both tax and regulatory provisions to give banks much greater freedom to conduct international operations of American and foreign banks.

"If loans and deposits of purely international origin and destination could be transacted free of the regulatory and legislative constraints now assigned to domestic operations, they would be maintained in the U.S. using domestic bank personnel and expertise," the clearing house document states.

The document goes on: "In effect, the banks would be allowed to establish specifically designated branches which would deal only in international transactions. The concept already exists in many foreign countries and countries which, as a result, have become international banking centres at the expense of the U.S. and more specifically, New York."

The proposal allows for the maintenance of existing interstate banking regulations, which means that the international banking branches would be limited to New York, in the case of New York banks, and, say, Chicago for Chicago banks. It says that New York would specially benefit because of the size of its banks and the international scope of their operations—some now draw more than half of their pre-tax earnings from abroad.

Citibank, in its version of the proposal, has estimated that a free trade zone for banking could create another 30,000 jobs in New York.

The banks' plan has been put forward for inclusion in the legislative agenda of the State Government. It still has to be considered by the State Senate and, even if the politicians become convinced of its merits, the Federal Reserve Board would also have to be won over to make the necessary adjustments to its banking regulations.

Salzgitter dispels merger rumours

BY JONATHAN CARR

BONN, Nov.

THE STATE-owned Salzgitter efforts it could pull itself successfully through the crisis.

The group's expression of confidence comes as the German steel industry enters its fourth recession year, with only about 60 per cent of capacity being utilised and more than 30,000 workers on short time. A rise in orders in September was not sustained last month.

Salzgitter, which is involved in engineering, shipbuilding and energy as well as steel, said that its total loss in 1976-77 exceeded the DMB's deficit for 1975-76, but it made clear that earnings in its engineering and energy sectors helped compensate for the losses of the steel-making arm. Stahlwerke Peine-Salzgitter.

Group turnover was down by 6.3 per cent to DM3.3bn. Turnover of Stahlwerke P.—S dropped by 8.1 per cent to DM2.2bn. and of the steel trading business, Handelsgesellschaft, Salzgitter, by 5.3 per cent to DM2.3bn.

In contrast, Salzgitter's oil and gas sales were up by about 8 per cent to DM463m. Overall investment last year totalled DM450m.

—against DM333m. in 1976. The group foresees total medium-term planning to 1980. In separate comments, Salzgitter's chairman Hans-Bir was notably cautious about prospects for the mammoth steel project in the Union, for which the company hopes to be one major partner.

Herr Birbaum describes himself as "neither pessimist nor optimistic." The German steel industry, he said, had good chances of the contract. However, at present felt the German to be too high.

The value of deliveries first construction phase project was put by Herr Birbaum at about DM1.6bn. He proposed to deliver a pellet plant and the Kurf direct reduction plant.

There has been speculation that the deal might be tied up during the visit here of the Soviet Premier, Leonid Brezhnev. However, the deal has been talked for more than a year now, still no date has been

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Gulf and Western denies Bohack allegations

BY JOHN WYLES IN NEW YORK

NEW YORK, Nov. 22.

GULF AND WESTERN Industries denied allegations in a suit filed in New York State Court that it contributed to the financial collapse of Bohack Corporation in 1974.

The suit, filed against Gulf and Western and its chairman, Mr. Charles H. Bluhdorn, among others, alleges that the 1973 tender offer by Gulf and Western for 15 per cent of the Great Atlantic and Pacific Tea Company contributed to the financial collapse of Bohack in 1974.

The suit, which seeks \$85m. in damages, alleges that Mr. Bluhdorn through his seat on the Bohack Board and his ownership of 32 per cent of Bohack's shares, so controlled Bohack that he used its financial resources in the Gulf and Western tender bid for Great Atlantic's common stock and has creditors seeking about \$50m.

The Bohack suit further alleges that during the Gulf and Western tender for Great Atlantic, Mr. Bluhdorn disposed of his stock and withdrew Gulf and Western's support in obtaining financial credit for Bohack.

A Bohack spokesman said that Mr. Bluhdorn owned about 236,353 Bohack shares, and besides his seat on the Board had three of his nominees on the Bohack Board.

A spokesman for Gulf and Western, in response to the suit, said that it contained erroneous information and that Gulf and Western would go to court as quickly as possible and take every conceivable step to put to

an end once and for all to these falsehoods as to the integrity of the company and its management.

CertainTeed share issue

PENNSYLVANIA, Nov. 22.

BUILDING MATERIALS group CertainTeed Corporation intends to sell 1.6m. shares, or \$40m. of a new series "D" preferred stock in five institutional investors and Compagnie de Saint-Gobain-Point-a-Monsson.

Saint-Gobain, which already owns about 55 per cent of CertainTeed, will buy some \$22m. or 55 per cent of the new preferred issue, reports Reuter.

Nat. Distillers-Emery

NATIONAL Distillers and Chemical Corporation and Emery Industries have announced that directors of both firms have reached an agreement in principle on a plan to merge Emery into National Distillers.

The terms of the proposed merger—on one count valuing Emery at \$223m.—call for each share of Emery common stock to be exchanged for one share of a new \$25 preference stock of National Distillers.

The exchange of the common stock for preference stock is designed to be tax-free in Emery shareholders. The proposed annual cumulative dividend rate into National Distillers will be no less than \$2.03 per share.

For the information of unit holders

EURUNION

European Investment Fund

The yearly distribution of income has been fixed at Lux. Francs 90 per unit.

The amount of Lux. Francs 90 will be paid as from November 25, 1977 on presentation of Coupon No. 27 of the certificates.

The following banks will act as paying agents: Caisse d'Epargne de l'Etat, 1, place de Metz, Luxembourg, and Banque Internationale a Luxembourg, 2, boulevard Royal, Luxembourg.

Unit holders may reinvest the proceeds of Coupon No. 27 in units of the Fund without having to pay the usual commission, although residents of the Sterling area will be liable to pay the Investment Currency Premium. Reinvestment will be made on the basis of the value of the units on the day of purchase. Fractions may be sold for cash or an additional sum may be paid so as to make up one additional unit.

Further details may be obtained from:

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£25,000,000 Total Oil Marine Limited 9 1/8% Guaranteed Sterling Foreign Currency Notes Due December 1, 1984 Offering Price 100% and Accrued Interest unconditionally guaranteed by Compagnie Francaise des Pétroles. Includes logos for Banque de Paris, Morgan Stanley International, and Cazenove & Co.

SELECTED EURODOLLAR BOND PRICES

Table with columns for STRAIGHTS, CONVERTIBLES, and various bond types with their respective prices and yields.

Transamerica Record 9 Months

Line graph showing Transamerica's performance from 1976 to 1977. The graph shows a sharp increase in performance in 1977, reaching a record high. Text below the graph states: 'Transamerica's nine months operating income per share reached the highest level in company history, registering a 50% gain over the same period of 1976.'

KENNECI logo and text: 'KENNECI COPPER CORP. 151 East 42nd St. New York, N.Y.' Includes a small logo of a person's head.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

CHINESE NEWS

Heavy setback on Tokyo market

CHARLES SMITH

TOKYO stock market fell to its heaviest fall for nearly a year...

The high Yen which rose another 1.50 points on today's foreign exchange market...

mean that the medium term outlook, until recently fairly bright, is now beginning to look distinctly doubtful.

A technical factor in the weakness of the stock market is the level of outstanding "margin" transactions...

TOKYO, Nov. 22

Bank loans for Hakodate Dock

BY OUR OWN CORRESPONDENT

JAPAN'S SEVENTH largest shipbuilding company, Hakodate Dockyard, has received ¥2.4bn worth of loans from a consortium of banks...

building company to the Fuyo Industrial Commercial Group, estimated to be operating at around 50 per cent. of its peak capacity...

approximately three-quarters of its turnover comes from exports, but a decline in export orders has cut operating rates sharply...

TOKYO, Nov. 22

African Products peak profit

BY RICHARD ROLFE

AFRICAN PRODUCTS, which manufactures maize, starches, glucose and chemical products, continues to achieve outstanding growth...

Net taxed profit was up from a substatantial minority stake. Although Tate and Lyle recently disposed of its main subsidiary in South Africa...

JOHANNESBURG, Nov. 22

Date set for Hong Kong exchanges' link

THE LONG awaited unification of Hong Kong's four Stock Exchanges is now earmarked for the early part of 1980...

Introducing legislation to bring about unification unless tangible evidence of voluntary progress towards a merger could quickly be shown...

The Far Eastern Economic Review earlier reported that Hutchison sold its stake in the container berth operator to other shareholders...

HONG KONG, Nov. 22

Disposal lifts Hutchison

HUTCHISON INTERNATIONAL has sold its minority interest in Modern Terminals for \$HK\$3m, giving rise to an extraordinary profit of \$HK\$7m...

GENERAL MOTORS Corporation is setting up a subsidiary in Mexico to make automotive wiring systems...

GM Mexican venture. The company, to be called Conductores y Componentes Electricos de Mexico...

MEXICO CITY, Nov. 22

Alliance Tire sales up

ALLIANCE, the Israeli tyre producer and exporter, reports an increase in sales in the first nine months of 1977...

ment's new economic policy, he said, had come at a moment when higher costs could not be passed onto consumers abroad...

ment's new economic policy, he said, had come at a moment when higher costs could not be passed onto consumers abroad...

TEL AVIV, Nov. 22

Malaysian lottery power struggle

By Wong Sulong

KUALA LUMPUR, Nov. 22. A POWER struggle has broken out between two rival groups of directors in the Magnum Corporation, the Malaysian lottery organization...

To forestall this move Datuk Khoo and six other directors have announced their resignation from the Board...

In another development, a major shareholder, Namsine Bomputra, believed to be supported by Datuk Khoo and his group...

Specifically, Bumputra, owned by Bank Bumputra, is which Datuk Khoo was formerly general manager...

Loss cut at W. Jacks. Malaysian Titanium, whose other owners are Pemas Mining and Stralis Trading...

By Our Own Correspondent

SINGAPORE, Nov. 22. WILLIAM JACKS and Co. (Malaya) Berhad—an associate company of the Ocean Transport and Trading subsidiary...

Husqvarna Board approves offer from Electrolux

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 22

ELECTROLUX, the electrical household equipment group, 10-day made an offer of just under Kr100m (€11.4m) for the stock of the Husqvarna kitchen equipment, sewing machine and minor cycle manufacturer...

The offer values the Husqvarna stock at Kr89m, against a market value of Kr49.5m at yesterday's Stockholm exchange price of Kr60 a share...

The offer is conditional on acceptance by holders of 90 per cent. of the Husqvarna stock. Return of 11.6 per cent. of the stock has already indicated that it will accept.

Announcing the offer at a rate of some Kr44m a year and net interest charges of around Kr30m were not going to be covered by the operating profit...

BY WILLIAM DULLFORCE

Ansett well ahead of budget

BY JAMES FORTH

SYDNEY, Nov. 22

GROUP RESULTS of Ansett Transport Industries, the airline, transport, television hotel and tourist group, were considerably ahead of budget...

Asked about the recent purchase of a 48 per cent. stake in the troubled finance company, Associated Securities, Sir Reginald said he was satisfied the investment would be of long term benefit to shareholders even though a satisfying dividend might be some time away.

BY JAMES FORTH

Kiwi profits recover

KIWI INTERNATIONAL, worldwide shoe polish and household products group, continued to recover in the year to August 31. Earnings rose from \$A1.68m, profit increase outpaced sales, to \$A2.63m, more than three times the 1975 profit of \$A56.5m...

BY JAMES FORTH

U.S. \$30,000,000 The Mitsui Bank Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series B - Maturity date 24 November 1980



U.S. \$35,000,000 7-YEAR TERM LOAN

ARRANGED BY: CHASE MANHATTAN LIMITED, BANK OF SCOTLAND, COMMERZBANK AKTIENGESELLSCHAFT, GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT, ORION BANK LIMITED, UNITED INTERNATIONAL BANK LIMITED, BANCO DE BILBAO S.A., TEXAS COMMERCE BANK, THE TOYO TRUST AND BANKING CO., LTD

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NOVEMBER 1977

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Branches, subsidiaries or representative offices in Antwerp, Curaçao, Jakarta, London, Tokyo and affiliates in 20 countries.

ANIMAL AND RAW MATERIALS

anes bar mateur rners

OPENHAGEN, Nov. 22. **BOOL DALSAAGER**, the Minister of Agriculture, announced today that he would introduce measures to bar entry into the profession to anyone who has not completed agricultural studies and reduce the maximum size of farms created by two or more units of 15 hectares.

These measures are designed to reduce the number of farmers and to improve the quality of the profession. Mr. Dalsager said that the measures were necessary to ensure that the farming profession was a respected and well-regulated career.

Dutch plan to move into British potato market

BY CHRISTOPHER PARKES

DUTCH POTATO exporters are planning to move into the British market, but there will be no dramatic flood of potatoes from the Netherlands on January 1st when the U.K. market is opened to Dutch imports.

The Dutch potato industry is a gradual, purposeful expansion into Britain by the already booming Dutch export business.

British growers, who fall short of Dutch standards in growing, harvesting and marketing, seem certain to find themselves under pressure in coming years.

Mr. Nicholas Young, a researcher at the Centre for European Agricultural Studies, Wyke College, said in London yesterday that the Dutch had been doing their homework.

the home, export and processing markets. It is founded almost wholly on one variety — the Bintje.

This variety, a yellow-fleshed potato, is a different product from the white-fleshed, floury tuber said to be favoured in Britain — not with our common potato, but with the Dutch researchers.

The Produktiechap team claimed that the only "conclusion" they had drawn from their analysis was that the Dutch potato industry was a "graduate" of the fruit and vegetable trade.

Mr. Young, who researched and wrote his report at the expense of the British Potato Marketing Board, described his work as "an academic study with the shop floor in mind."

His aim was to elicit a better understanding of the Dutch potato industry.

C leaders meet West Indies

BRUSSELS, Nov. 22. **MINISTERS** of the EEC and Mr. Pino Olav, the EEC Agriculture Commissioner, met today to discuss the French initiative aimed at highlighting the problems faced by its over-irrigated, particularly in the West Indies.

The French initiative is aimed at highlighting the problems faced by its over-irrigated, particularly in the West Indies.

Misconceptions

Among the many misconceptions about the business was the common belief in Britain that the Dutch starch-making industry acted as a sort of "sponge" to soak up the periodic surpluses which tended to blight the market.

In fact, potato growing for starch manufacture was completely separate from production for more conventional purposes.

As Mr. Young commented cryptically: "Now they are on co-operation in terms with British growers within the Dutch importers."

Lower cotton crop estimated

WASHINGTON, Nov. 21. **THE U.S. Agriculture Department** has forecast a U.S. cotton crop of between 10.5m and 12m bales in 1977, down from the 13.5m bales produced this year.

In a summary of the cotton and wool situation, it said the acreage planted to cotton next year was likely to fall to between 11m and 12m acres, compared with this year's acreage of more than 13.4m.

This season's world cotton production prospects were reported at 10.5m bales, 12 per cent below the 1976-77 level.

Pig farmers say 'no' to price cuts

By Christopher Parkes

LEADERS of Britain's pig farmers have turned down proposals from bacon curers that they should accept a lower price for their pigs.

The National Farmers' Union announced last night.

The rejection came after a meeting of the National Farmers' Union and the National Bacon Producers' Association in London.

The curers had proposed a 10 per cent reduction in the price of pigs, which would have meant a 10 per cent increase in the price of bacon.

The pig farmers' leaders said that they would not accept such a reduction in price, as it would mean a 10 per cent increase in the price of bacon, which would be passed on to the consumer.

KENYAN AGRICULTURE Sugar output nears self-sufficiency

BY JOHN WORRALL

KENYA'S SUGAR output, helped by good rains and an energetic state policy, is gradually approaching the point at which it will make the country self-sufficient at about 230,000 tons a year.

Present progress continues, with this target to be reached by the end of next year, although consumption by Kenya's expanding bourgeoisie tends to grow.

About 50,000 tons is being imported at present at the cost of much-needed foreign exchange.

The optimism surrounding sugar production in Kenya is due largely to the spectacular output achieved by the Mumias Sugar Company in Western Kenya and the company's expansion schemes.

Mumias is Kenya's largest sugar enterprise, with managers' skills provided by Bookers Agricultural International, which has a small (5 per cent) stake in the company. The Government owns 50 per cent, and the Corporation 12 per cent.

was designed to mill 1,700 tons of cane a day, equivalent to about 45,000 tons of sugar a year.

The cane came from the nucleus estate of about 3,500 hectares, with outgrowers providing the balance. Expansion over the next two years raised output by 70,000 tons a year, with outgrowers producing some 50 per cent.

Mumias is investing £K38m in a new 1,400-ton outgrower expansion and is nearly doubling the size of the mill to handle the increasing output of cane. Outgrowers' production is being moved up to about 1.5m. tons a year.

Factory capacity is being expanded to take in an additional 700,000 tons of cane a year to produce 90,000 tons more sugar. This cane is to come exclusively from the outgrowers. The nucleus estate is now devoted mainly to seed-cane production.

The Mumias outgrower scheme is unique in sugar production and ideal for African rural conditions.

Farms are small. The land has been under-utilised, part of it being used for subsistence crops, like maize and vegetables, and the rest as scrubland grazing for cows.

When brought into the scheme, a farmer has no tools or equipment, no cash resources and certainly no experience of growing sugar cane. He has basic agricultural knowledge and inclinations, however, which Bookers are exploiting for his and their greater good.

It is an ideal example of the benefits of sugar production in an undeveloped and uncultivated country.

Popular

It is no wonder that the scheme is popular. The average net payment to farmers after ploughing, harrowing and seed-cane and fertiliser, helps with harvesting and provides trucks in transport the seed-cane to the factory.

These services are supplied on credit, which is recovered from the proceeds of the cane. Mr. A. Bevers, Mumias general manager, says credit is an essential part of the scheme, "without which it could not exist."

The company points out that all equipment, machinery, fuel and labour costs have risen three-fold since the scheme was begun.

Two new developments are reported from Mumias. One is the formation of the Mumias Outgrowers' Company, which is to provide credit and protect and further farmers' interests.

The other development is the opening of a centre in train sugar technologists. The centre is also available for the use of sister sugar factories in Kenya.

On-the-job training is a feature. The aim is to train Kenyan staff in all production jobs, including superintending level and including factory engineers.

MINIMUM REDUCTION

ALUMINIUM production cut by members of the International Aluminium Institute (IAI) for October, 1977, was 100,000 tonnes, or 1.00 per cent, compared with 100,000 tonnes in October, 1976, and in September.

The average daily production of 30,000 tonnes compared with 30,000 tonnes in October, 1976, and in September.

Delayed coffee arrives in U.S.

NEW YORK, Nov. 22.

SUBSTANTIAL SHIPMENTS of Colombian coffee to the U.S. last week and an earlier estimate of 9.1m. bags for 1977-78. Coffee stocks in the hands of the federation at the end of October stood at 4.11 million bags compared with 3,906,000 bags on October 1 last year.

Hopes are also rising for an easing in New York's tight cocoa supply situation. Shipments of Ivory Coast cocoa are due in the U.S. in about four or five weeks, according to leading traders.

Three or four steamers carrying cocoa from the Ivory Coast are thought to be involved. The traders were reluctant to put a figure on the tonnage involved, but one said that a rough estimate might be in the 50,000-75,000 ton range.

Much of the cocoa is believed to be already committed to manufacturers, they added.

The cocoa is believed to have been contracted for some time ago, when New York and London prices were on a par with a number of months, below

Commodity fund talks 'face breakdown'

BY OUR OWN CORRESPONDENT

DEVELOPING COUNTRIES statements that the Third World Commodity Fund talks were "a face breakdown" in the negotiations. "We are merely realistic," said a spokesman.

Delegates from both North and South generally concede that the present second round of negotiations, due to end on December 2, has reached deadlock but believe that a complete breakdown is unlikely.

Efforts are now being made to achieve a compromise formula which would justify a third stage of talks next spring.

The group of 77 remains firmly behind a plan formulated by Mr. Alatas rejected Western

Meat/vegetables price changes

Commodity	Unit	Nov. 22	Nov. 21	Month
Beef	lb	1.15	1.14	0.01
Pork	lb	1.05	1.04	0.01
Lamb	lb	1.25	1.24	0.01
Chicken	lb	0.85	0.84	0.01
Eggs	doz	1.10	1.09	0.01
Butter	lb	1.80	1.79	0.01
Cheese	lb	1.50	1.49	0.01
Apples	lb	0.45	0.44	0.01
Oranges	lb	0.35	0.34	0.01
Potatoes	lb	0.25	0.24	0.01
Carrots	lb	0.15	0.14	0.01
Onions	lb	0.10	0.09	0.01

U.S. Markets Grains dip sharply; cocoa up

Commodity	Unit	Nov. 22	Nov. 21	Month
Wheat	bu	1.15	1.14	0.01
Corn	bu	0.85	0.84	0.01
Soybeans	bu	1.25	1.24	0.01
Cocoa	lb	1.15	1.14	0.01
Gold	oz	180.00	179.50	0.50
Silver	oz	1.15	1.14	0.01
Oil	barrel	1.15	1.14	0.01
Iron Ore	ton	1.15	1.14	0.01
Copper	lb	1.15	1.14	0.01
Aluminum	lb	1.15	1.14	0.01
Zinc	lb	1.15	1.14	0.01
Nickel	lb	1.15	1.14	0.01
Lead	lb	1.15	1.14	0.01
Steel	lb	1.15	1.14	0.01

AMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Nov. 22	Nov. 21	Month
Wheat	bu	1.15	1.14	0.01
Corn	bu	0.85	0.84	0.01
Soybeans	bu	1.25	1.24	0.01
Cocoa	lb	1.15	1.14	0.01
Gold	oz	180.00	179.50	0.50
Silver	oz	1.15	1.14	0.01
Oil	barrel	1.15	1.14	0.01
Iron Ore	ton	1.15	1.14	0.01
Copper	lb	1.15	1.14	0.01
Aluminum	lb	1.15	1.14	0.01
Zinc	lb	1.15	1.14	0.01
Nickel	lb	1.15	1.14	0.01
Lead	lb	1.15	1.14	0.01
Steel	lb	1.15	1.14	0.01

COFFEE

On another unsteady day, terminal values remained flat in the absence of any strong pressure in either direction. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

Values at the close were as much as 100 points down after some late Commission sales. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

SOYABEAN MEAL

Commodity	Unit	Nov. 22	Nov. 21	Month
Soybean Meal	lb	1.15	1.14	0.01
Soybean Oil	barrel	1.15	1.14	0.01
Soybean Flour	lb	1.15	1.14	0.01
Soybean Hulls	lb	1.15	1.14	0.01

MEAT/VEGETABLES

Commodity	Unit	Nov. 22	Nov. 21	Month
Beef	lb	1.15	1.14	0.01
Pork	lb	1.05	1.04	0.01
Lamb	lb	1.25	1.24	0.01
Chicken	lb	0.85	0.84	0.01
Eggs	doz	1.10	1.09	0.01
Butter	lb	1.80	1.79	0.01
Cheese	lb	1.50	1.49	0.01
Apples	lb	0.45	0.44	0.01
Oranges	lb	0.35	0.34	0.01
Potatoes	lb	0.25	0.24	0.01
Carrots	lb	0.15	0.14	0.01
Onions	lb	0.10	0.09	0.01

Our Christmas Cards turn into flowers

Interflora Gift Tokens make Christmas Cards interchangeable at full face value for flowers and plants at over 2,000 Interflora florists across the British Isles.

On sale from 50p upwards, with a free greetings card and envelope, you decide how much you want to spend — and pick whatever flowers they like.

International Gift Cheques from £2 can be sent to 130 countries.

This year, send flowers for the cost of posting a Christmas card.

Interflora Gift Tokens. Yet another way Interflora makes the day. Interflora, Sheffield, Lincs.

GRAINS

LONDON FUTURES (GAPFA) — Wheat and trade selling were the main features of the market. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

SUGAR

LONDON DAILY PRICE — Raw sugar prices were steady. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

FINANCIAL TIMES

Commodity	Unit	Nov. 22	Nov. 21	Month
Wheat	bu	1.15	1.14	0.01
Corn	bu	0.85	0.84	0.01
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Silver	oz	1.15	1.14	0.01
Oil	barrel	1.15	1.14	0.01
Iron Ore	ton	1.15	1.14	0.01
Copper	lb	1.15	1.14	0.01
Aluminum	lb	1.15	1.14	0.01
Zinc	lb	1.15	1.14	0.01
Nickel	lb	1.15	1.14	0.01
Lead	lb	1.15	1.14	0.01
Steel	lb	1.15	1.14	0.01

CLASSIFIED ADVERTISEMENT RATES

Category	Rate
Industrial and Business	7.50
Public Services	7.50
Wholesale	7.50
Real Estate	7.50
Professional	7.50
Books and Publications	7.50
Medical	7.50
Legal	7.50
Education	7.50
Transport	7.50
Construction	7.50
Manufacturing	7.50
Retail	7.50
Food and Drink	7.50
Travel	7.50
Insurance	7.50
Finance	7.50
Energy	7.50
Environment	7.50
Health	7.50
Home	7.50
Leisure	7.50
Media	7.50
Other	7.50

COCOA

PRICES — Cocoa prices were steady. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

WOOL FUTURES

LONDON — Wool futures prices were steady. The market was again characterised by the lower levels of the day's range, but with a slight recovery in the afternoon.

REUTERS

Commodity	Unit	Nov. 22	Nov. 21	Month
Wheat	bu	1.15	1.14	0.01
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Soybeans	bu	1.25	1.24	0.01
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Iron Ore	ton	1.15	1.14	0.01
Copper	lb	1.15	1.14	0.01
Aluminum	lb	1.15	1.14	0.01
Zinc	lb	1.15	1.14	0.01
Nickel	lb	1.15	1.14	0.01
Lead	lb	1.15	1.14	0.01
Steel	lb	1.15	1.14	0.01

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as British Life Office Ltd, Guinness Unit Trust, and others with their respective details and performance metrics.

Table of Offshore and Overseas Funds listing international investment vehicles like Kemp-Gee Management Jersey Ltd, Keyserling Mgmt Jersey Ltd, and others.

CLIVE INVESTMENTS LIMITED: Exchange Ave, London EC3V 3LU. Includes a guide for 22nd November 1977 and Clive Fixed Interest Capital.

CORAL INDEX: Closes 470.475. Includes Insurance Base Rates for Property Growth (6%) and Cannon Assurance (2%).

BASE LENDING RATES: Table showing interest rates for various banks including Bank of England, HSBC, and others.

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INSURANCE, PROPERTY, BONDS

Large table of Insurance, Property, and Bonds listing various providers like Abbey Life Assurance, General Portfolio Life, and others with their product details.

NOTES

Prices do not include 5 premium, except where indicated... Notes regarding insurance and investment products.

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AMERICANS-Continued

BUILDING INDUSTRY-Cont.

DRAPERY AND STORES-Cont.

ENGINEERING-Continued

BRITISH FUNDS

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Table of British Funds with columns for High, Low, Stock, Div, Yield, and Red.

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Table of British Funds (Over Fifteen Years)

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Table of British Funds (Undated)

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Table of Hotels and Caterers

مكزاس الاصل

FOX The world's finest umbrella frames

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The two Concorde, side by side at Kennedy Airport.

Concorde's twin triumph

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS and Air France Concorde today began regular commercial passenger services between London and Paris and New York with the fastest time yet achieved for the west-bound Atlantic flight.

The British Airways aircraft took three hours 23 minutes for the 3,500 miles, less than half the time taken by subsonic jet airliners.

The previous fastest supersonic time on a commercial North Atlantic flight, to Washington from London, was three hours 29 minutes, while the scheduled time to New York yesterday was three hours 45 minutes.

The two aircraft belonging to British Airways and Air France each touched down at Kennedy Airport within a few minutes of each other, with the Air France Concorde, which had taken three hours 38 minutes from Paris, landing first by prior arrangement.

They were greeted with only a muted reaction from the environmentalist lobby, which had earlier predicted that it would do all it could to disrupt the flights.

The few scattered objectors around the British Airways terminal were no problem to the

airport authorities. Both Concorde were very quiet on landing, with the Federal Aviation Administration noise monitor in Cedarhurst, the nearest community to the airport, recording only 98 perceived noise decibels (PND), well within the limits prescribed by the Port of New York Authority.

Among the guests on the British Airways flight, which carried 51 fare-paying passengers, were Mr. Edmund Dell, Secretary for Trade, Mr. Gerald Kaufman, Minister for Aerospace; Sir George Edwards, the "father" of Concorde and former chairman of British Aircraft Corporation; Mr. Hugh Scanton, president of the Amalgamated Union of Engineering Workers; and Mr. Mark Young, secretary of the British Airline Pilots' Association.

Mr. Ross Stalton, deputy chairman of British Airways, made it clear during the flight that with New York flights now begun, the airline was looking for a substantial expansion of Concorde services over the next few months.

Flights to Singapore will start on December 9, to be followed not long afterwards, it was hoped, by flights to Australia, Bangkok, Hong Kong, Tokyo and Lagos.

The aircraft was expected to earn more revenue for British Airways in the next four months than in the whole of the previous financial year.

"With the introduction of new Concorde services to New York and soon to Singapore, in addition to the current operations to Washington and Bahrain, Concorde's revenue will increase from £8m. in 1976-77 to £20m. in the year to March 31, 1978," Mr. Stalton said.

"The increase in services together with the subsequent planned build-up in frequencies, are expected to earn British Airways revenue of about £11m. during the next four months alone."

Elation

In Singapore, British Airways said that the inaugural London to Singapore flight by Concorde next month was fully booked.

In London, an all-party motion congratulating the British Aircraft Corporation and British Airways "for their resolution and skill in confounding their critics and defeating their opponents" was tabled in the Commons.

The motion also wished them good fortune in New York.

Mr. Robert Adley, Conservative

MP for Christchurch and Lynton, British chairman of the British-French Concorde group, and one of its principal signatories, said: "My position is one of tremendous elation."

"I have held my breath for the last two weeks and not wanted to cheer too loudly too soon."

Figures from the Department of Industry show that by the end of 1978 Concorde will have cost the British taxpayer £344m.

The spending figure is made up of manufacturers' development costs of £504m. from 1962 to the end of last year, another £61m. from January this year to the completion of the Concorde programme by the end of 1978, and £269m. in total production costs to the end of next year.

For the third week running Russia's Aeroflot Airlines cancelled the scheduled flight of its new TU-144 supersonic airliner. There have been no flights on the Moscow to Alma-Ata route since passenger services opened on November 2 with an inaugural flight that carried mostly reporters.

Aeroflot said the flight was cancelled through weather conditions in Alma-Ata, 2,000 miles south of Moscow, and would be rescheduled for to-morrow.

Atlantic air issues Page 3

'Shocked' Polaroid stops sales to S. Africa

BY JOHN WYLES

NEW YORK, Nov. 22.

POLAROID CORPORATION is to abandon direct sales to South Africa after being "shocked" to learn that its sole distributor there has been selling the company's products to the South African Government.

Polaroid's decision, announced this morning, ends an 18-year relationship with its distributor, Frank and Hirsch Pty., and comes within a week of being presented with embarrassing evidence that the South African Government had been supplied with its products.

Under the terms of the so-called "Polaroid experiment," Frank and Hirsch agreed in 1971 not to make any of the U.S. company's products available to the Government.

Evidence that this agreement was being violated was apparently presented to Polaroid last week by the Boston Globe, a newspaper with a large circulation in the area of the company's headquarters at Cambridge, Massachusetts.

The paper had obtained from Mr. Joris Naidoo, a former employee of Frank and Hirsch, photostat copies of sales invoices to the South African Government. Mr. Naidoo was at one time detained on Robben Island.

Condition

His employment at Frank and Hirsch was due to Polaroid's insistence, on renewing their business connections, that their distributors should promote African employment and make jobs available to Africans whose prospects had been soured by suspicions about their political activities.

Polaroid adopted this approach in 1971 when it came under considerable pressure from its own black employees in the U.S. to change its stance on South Africa. A 14-strong employee committee visited South Africa in that year and came back with a recommendation that Polaroid continue doing business there but on the basis of advancing African employment and boycotting sales to the Government.

Frank and Hirsch, which has been distributing up to 24m of Polaroid products a year, became the vehicle for this policy.

In addition, part of Polaroid's profits from South African sales, about \$500,000 a year, has been devoted to African education.

Our Johannesburg correspondent writes: Mr. Helmut Hirsch, joint managing director of Frank and Hirsch, confirmed that two senior representatives of the U.S. company had just visited Johannesburg. He announced that he would be flying to Boston with a fellow executive within the next few days for a meeting with Polaroid.

Mr. Hirsch refused to comment on the American reports that Polaroid had decided to stop selling its products in South Africa.

He said that the decision was definitely sparked off the decline.

And the fact that investors in the futures market had made a margin has exacerbated the fall.

If the price falls by as much as the margin, then the investor has to sell, unless he can provide more capital. A particularly big bull position was built up in the December position, which is now being closed.

The partial recovery of Wall Street is generally agreed to be another cause of gold's setback.

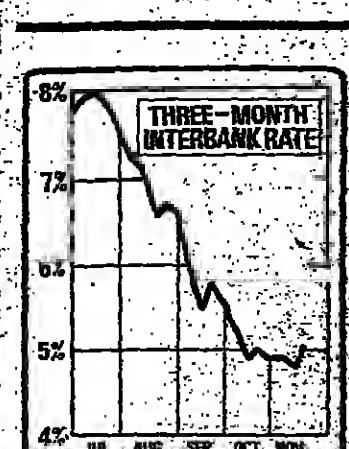
But more contentious is the significance of President Anwar Sadat's visit to Israel. Some dealers believe that there had been nervous buying of gold after recent fighting in the Middle East, and that these purchases dried up after the Sadat trip.

THE LEX COLUMN

Monetary jitters in the markets

There are complaints from the discount market that the current wave of speculation about a rise in short-term interest rates has been dreamed up from nowhere by the Press, with a certain amount of help from W. Greenwell. Treasury bill market rates have firmed a little, but they are still not indicating firmly that Minimum Lending Rate will change this week. Period rates have been rising sharply in the past couple of days, however, and the rate on local authority yearling bonds jumped by more than half a point yesterday. Everywhere the financial markets are suffering from a kind of monetarist blight. Some gilt-edged prices have dropped by 4 points in as many days, equities have fallen for seven trading days in a row, and sterling, now showing more than a 1 per cent appreciation on a trade-weighted basis compared with its value just before it was freely floated.

Index fell 3.5 to 471.8



Regardless of whether the authorities really believe the 13 per cent rate in itself calls for higher interest rates, they face a problem of expectations. Nervous investors will not buy Government securities—the new long tap is something like 5.5 points too high for this market. And banks worried about the reimposition of the curfew may start artificially pushing up their balance sheets. So if the authorities are reluctant to raise MLR and drop the tap price, they may have to give positive hints in order to overcome the market's anxieties.

rowing to shareholders' funds to below 50 per cent. With bank overdrafts refinanced by £12m. of seven-year loans, the agreement is that the new money should give JFB room to manoeuvre, and it looks as if the group has its eyes on some form of expansion overseas. The U.S. is on fashionable possibility.

At an issue price of 50p the new shares yield an attractive 14 per cent, but the other side of the story is that a rights issue can be an expensive way of raising money, particularly for a group such as JFB, which had unrelievedly A.C.T. of £14m. last year. The market is interpreting JFB's promise of a "substantial" rise in profits for 1978, results as "pre-tax" profits of about £13m.—an increase of over 20 per cent on 1977, with almost all of the increase coming from the recently acquired British Roll-makers.

Samuel. Meanwhile, problems are still being encountered by Fraser Ansbacher, which in the first half of September, attributable to including extraordinary items, reported a 1977 net profit of £187,000 after tax, compared with £589,000 for the month period to September 1976. Some further recovery is promised for the second half.

For Hambros, sterling demand has eased but for currency lending has been notably buoyant, and advances have been on a grand scale. Elsewhere, the corporate side has exceeded expectations and the private market of Eurocurrency continues to be an active profitable area. But the back to the shares, which a prospective 7.1 per cent 207D, is that the second month are unlikely to offer things like the same opportunities to profit from interest movements.

Equity fund

Midland Bank has a long-term fund, the Equity Capital Fund, which has been a success story. Two have decided to terminate funds to industry. The fund is an answer to two criticisms of the Wilson Committee. First is that wealth is being lost in institutions so big they can no longer invest equity of small companies. Second is that the manager, who has unique knowledge of British companies, only with a small part of his own financial needs. By Midland and the NCB, the fund is a success story. They are aiming their fund at medium-sized quoted names, but Equity Capital Fund, Finance for the National Enterprise and others are all eager to service here and their experience suggests a lack of the right sort of fund. In March, Midland two other investment firms in offering through equity capital to companies. Conspicuous has been heard of NCB-Midland move is ally and theoretically its real worth will only later, with the passage

IMF may raise quota demand

By Robert Mauthner

PARIS, Nov. 22.

THE INTERNATIONAL Monetary Fund—increasingly worried about its liquidity position—may ask the member States to approve much higher new quotas increases than it originally demanded.

The IMF's request is reported to have been made at a meeting of the Deputies of the Group of Ten highly industrialised States here today.

Though the chairman of the meeting, M. Jacques de Larosiere, head of the French Treasury, declined to give any details of the discussions, it was believed that the IMF was seeking quota increases of between 50 and 100 per cent.

At a preliminary meeting of the Group of Ten deputies in Paris earlier this year, IMF representatives said they were prepared to accept increases of no more than 30 to 50 per cent. A quota increase effectively raises the resources available to the IMF for future lending.

Several members of the group, particularly the U.S., West Germany and Canada, are now believed to be in favour of the postponement of the new round of quota increases until both the quota increase of 32.5 per cent, already agreed is fully ratified and the \$10bn. Witteveen credit facility—which the IMF plans to use to assist poorer member nations with balance of payment problems through increased oil cost—comes into effect.

The U.S. Administration is increasingly convinced that it would be imprudent to ask Congress to approve the Witteveen facility, the proposed new quota increase, President Carter's energy programme and the new Panama Canal Treaty all at the same time.

Thus the Witteveen facility might not be submitted for Congressional approval until the autumn of next year, which could delay its implementation well beyond the present target date of mid-1978.

The problem is due to be discussed by the IMF Interim Committee in Mexico City in April and the sources said that a meeting at ministerial level would probably be required before or during this meeting if the quota increases were to be agreed on schedule.

European steel industries fear rise in imports

BY DAVID BUCHAN AND ROY HODSON

THE CONTINUING deterioration in the international steel market is causing fears that the British and Continental steel industries will suffer further from a rising tide of cheap steel from other countries.

Steel imports into Britain, France and West Germany have increased in recent weeks, and a number of customers have given notice to EEC steelmakers including British Steel, that they intend to buy more cheaply from other sources.

Viscount Etienne Davignon, the EEC Industry Commissioner, is meeting considerable resistance to a plan he unveiled to the Council of Ministers in Brussels yesterday to raise minimum prices for EEC-made steel next year.

Both industry and Government sources from member nations protest that the market is too weak for price rises. Mr. Edmund Dell, the Trade Secretary, said that higher prices would suck in more imports.

The EEC is being hit particularly hard by steel imports from Coteau countries and Spain.

The Commission opened an anti-dumping investigation last week into Spanish steel tube imports to the Community.

Viscount Davignon wants to extend his present crisis programme for European steel into 1978, and to raise by 15 per cent next year the minimum guideline prices on half-a-dozen basic steel products. He says that only by reinforcing prices can EEC steel companies, nearly all of which are losing money, return to profits and positive cash flows.

Cold reception

British Steel is likely to announce a half-year loss of some £200m. later this week.

Both the chairman, Sir Charles Villiers, and the deputy chairman, Mr. Bob Scholey, have visited Brussels this week. They are thought to have warned Viscount Davignon anew of the serious threat to the British steel industry posed by falling sales and competition from low-priced imported steel.

Ministers gave a cold reception to the Commission's plea that EEC governments surrender next year 32m European units of

account (£20m.) of their steel import duties, with, by treaty, governments are allowed to keep to help finance an increase in the 1978 EEC budget for steel.

Viscount Davignon wants to use the extra money to subsidise interest rates on EEC loans for modernisation of steel plant.

Britain said that she was planning to earmark her steel import funds to help her own steel industry.

West Germany objected that, as the largest single steel market in the Community and therefore the largest importer, she would be expected to make the highest contribution.

Herr Lambsdorff, the German Minister, also said that West Germany would want to ensure that German money was not being used merely to subsidise inefficient steel companies in other countries.

The ministers of the Nine seemed favourable to the minimum reference price for steel imports that the U.S. Administration is expected to approve by the end of this month.

Japan to give data Page 7

Unsettled gilts fall back again

BY MICHAEL BLANDEN

PRICES of gilt-edged stocks fell again yesterday in markets unsettled by growing fears of a renewed rise in short-term interest rates.

The uncertainties were increased by arguments in the latest bulletin from the stockbrokers W. Greenwell that short-term rates might now be too low to enable the authorities to keep control of the money supply.

After being marked down sharply early in the day, gilt-edged prices recovered somewhat later.

At the short end of the market there were falls of up to 1/2 at the close, while long-dated stocks ended up to 1/2 points lower after being down at one stage. The FT Government securities index dropped 0.80 to 73.13.

The uncertainties were reflected in nervous conditions in the money markets, where rates rose quite sharply.

Treasury bills were being traded at levels which if maintained at Friday's tender would indicate a rise in MLR from its present 5 per cent.

But it was pointed out that it was still early in the week to read too much into a movement largely prompted by Press comments on the possibility of higher rates.

The first short-term variable rate bonds were issued by a number of local authorities. The Bank of England gave permission for these issues at the end of last week, following the unanimous decision to allow issue of variable rate stocks for five years or more.

The pound weakened in line with the dollar, ending at

£1.8180, up five points, but with its trade-weighted index against the dollar falling to 63.3, against a target of 65.

James Barbour-Jones writes: The price of gold fell 3/4 to \$186 1/2 per ounce in London yesterday, bringing an overall fall of \$11 in only nine trading days.

This major reversal of the strong upward trend this year has come as a surprise to most dealers, who are used to the gold price moving more sedately.

Many analysts blame the increased importance of the American forward markets in gold. These attracted much more business than previously over the summer months, partly because Wall Street and the dollar were weak.

Consolidated Goldfields, the international mining finance house, said yesterday: "The

Continued from Page 1

Scotland Bill vote

votes in similar divisions as a protest.

After the division, Mr. David Steel, Liberal leader, said the clause made no statutory difference to the Bill. "Whether the clause was better in the Bill or not was a matter of opinion. We look the opinion that it was better not to put it in the Bill."

However, Mr. Francis Pym, Conservative Devolution spokesman, claimed that the clause was central to the whole Bill. The Government, he argued, had maintained this session and the last that the proposals in the Bill did not affect the unity of the U.K. and the sovereignty of Parliament. But now the Commons had declared by its vote that this was not the case.

Weather

U.K. TO-DAY

RAIN moving South, followed by brighter spells. Windy. London, S.E. Cent. S. England, N. Ireland, Orkney, Shetland, E. Anglia

Rain later. Max. 9°C (48-49°F). S.W. England, Channel Isles

Rain later. Wind N.W., strong to gale. Max. 9°C (48-49°F). East. Cent. N. England, Midlands, S. Wales

Rain, clearing later. Max. 7°C (45°F). N. England, N. Wales, Isle of Man, Borders

Rain, becoming brighter. Wind N.W., strong to gale on coasts. Max. 7°C (45°F). Edinburgh, Dundee, Aberdeen.

Scattered wintry showers. Max. 6°C (43-44°F). Glasgow

S.W., N.E., N.W. Scotland, Cent. Highlands, Moray, Fife, Argyll, N. Ireland, Orkney, Shetland

Wintry showers. Wind N.W., strong to gale. Max. 5-6°C (41-43°F). Outlook: Rather cold. Night frost.

BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
	100	100	100	100
Amsterdam	100	100	100	100
Antwerp	100	100	100	100
Bombay	100	100	100	100
Buenos Aires	100	100	100	100
Calcutta	100	100	100	100
Canton	100	100	100	100
Cebu	100	100	100	100
Hankow	100	100	100	100
Hong Kong	100	100	100	100
Kobe	100	100	100	100
London	100	100	100	100
Lyons	100	100	100	100
Manila	100	100	100	100
Medan	100	100	100	100
Osaka	100	100	100	100
Paris	100	100	100	100
Rangoon	100	100	100	100
San Francisco	100	100	100	100
Singapore	100	100	100	100
Sourabaya	100	100	100	100
Taipei	100	100	100	100
Tokyo	100	100	100	100
Yokohama	100	100	100	100

HOLIDAY RESORTS

City	Y'day	Mid-day	Y'day	Mid-day
	100	100	100	100
Atacocha	100	100	100	100
Bahia	100	100	100	100
Barriga	100	100	100	100
Buenos Aires	100	100	100	100
Caracas	100	100	100	100
Cuba	100	100	100	100
London	100	100	100	100
Manila	100	100	100	100
Medan	100	100	100	100
Osaka	100	100	100	100
Paris	100	100	100	100
Rangoon	100	100	100	100
Singapore	100	100	100	100
Sourabaya	100	100	100	100
Taipei	100	100	100	100
Tokyo	100	100	100	100
Yokohama	100	100	100	100

'Flying columns' to fight fires

BY NICK GARNETT AND CHRISTIAN TYLER

ABOUT A QUARTER of a JUBO extra troops who will be deployed this week in fire-fighting units will act in what the Ministry of Defence terms "flying columns" in high risk urban areas.

They will be called out, however, only if an incident has already been examined and shown to be a major one.

Three thousand of the new draft are being retrained for soldiers already fire-fighting and 15 of the extra troops will be used only to replace vehicles put out of action.

Mr. James Callaghan, the Prime Minister, faces a rough reception from demonstrating firemen today when he addresses

delegates to the Electrical and Plumbing Trades Union bi-annual conference in Blackpool. He is expected to affirm that the Government will make no concessions to demands that breach pay guidelines.

Delegates may debate later this week an emergency resolution calling on the union to give the Fire Brigades Union an interest-free loan. A regional strike fund has already been set up by the Wales area.

Mrs. Margaret Thatcher, the Opposition leader, said in the Commons that the 10 per cent guideline did not represent a maximum and firemen should be free to negotiate higher rises.

Relations between members of the FBU and fire officers who are

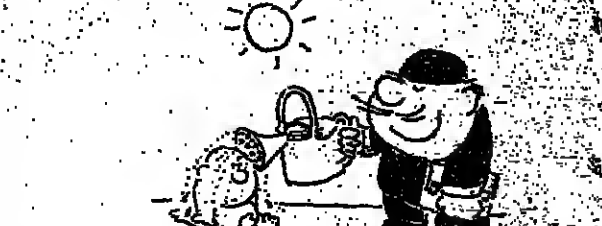
advising troops are deteriorating. The FBU said a growing number of their members were saying they would not serve with their officers once the strike ended.

Fire officers in the West Midlands, told by firemen that they would be "blacked" when the strike ended if they did not join the picket lines to-day, rejected the ultimatum and continued working with troops.

The Ministry of Defence said it was doing what it could to improve the quality of the temporary accommodation provided for firemen.

In one case, a dozen soldiers have been sleeping in a 12 feet by eight feet hut.

Parliament Page 10



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